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Help us achieve our objectives Smith

in Smith, the Rhodesian Minister, saying he would not accept assistance from Britain...

killers serve years' sentences have been imposed on the four Irishmen...

Two men will appear in court today in connection with the discovery of a bomb in a suburban council house...

Michael Foot, Minister in charge of devolution, hinted in Commons that the Government might be prepared to consider demands that referenda in Scotland and Wales would be consultative rather than binding.

to Israel Kurt Waldheim, UN Secretary-General, arrived in Jerusalem from Amman in a bid to meet the Israeli Government...

lefly... Yuri Orlov, leader of the dissent committee to monitor observance of the Helsinki Accords, has been arrested in Moscow.

IEF PRICE CHANGES YESTERDAY Table with columns for RISES and FALLS, listing various commodities and their price changes.

As Gormley warns: Labour could lose next election

Third phase of pay restraint inevitable says Callaghan

BY CHRISTIAN TYLER, LABOUR STAFF

The Prime Minister yesterday countered a rising tide of shop-floor opposition to any further wage restraint by insisting that a third phase was "inevitable" and that failure to agree it would mean a vastly increased rate of inflation.

Labour may seek abolition of Lords at next election

BY RUPERT CORNWELL, LOBBY STAFF

THE LABOUR PARTY is set to pledge to abolish the House of Lords leaving Britain to be governed by a single-Chamber Parliamentary system.

Order against property developer

BY QUENTIN GURDHAM

A RECEIVING order for £280,000 has been made against Mr. Ramon Greene, the property developer, who in 1975 made £3m. in a deal with Ite Post Office pension funds...

German court ban halts N-programme

BY NICHOLAS COLCHESTER BONN, Feb. 10.

THE WEST GERMAN nuclear energy programme has effectively been brought to a halt until the country can decide where it will bury its spent nuclear fuel.

Essential

Mr. Healey has the problem in fixing the Budget date that the Easter recess effectively rules out any date between March 29 and April 19 for the post-Budget Commons debate.

Features

Table with columns for Features, FT Survey, and On Other Pages, listing various news items and their page numbers.

Come one-stop shopping for North West facts. One highly professional and completely objective data source for the whole of North West England.

LOMBARD

Controls without backlash

BY ANTHONY HARRIS

ASSUMING that monetary policy is governed by a measure of money which is not inherently likely to misbehave (see this column on Thursday), what is the best method of controlling it? It is on this subject rather than on the measurement of the money supply itself that most of the new thinking is going on; and what no one will ever insist that M3 is a sensible place to start, better control methods would certainly help to remove some of the imperfections of M3 itself.

Imagine

More radically, though, imagine that the banking system held as its reserves the kinds of top-quality liquidity which is the true basis of its operations—cash and balances with the central bank and the money market. The result would be that at times of strain, when the banks were running near the limit of their official expansion, they would be pushed into selling investments—pulling liquidity in from the private sector—rather than stampeding to buy bills and short gilts, pulling money in from other intermediaries (including the discount market) and actually increasing the liquidity of holders outside the system.

Misplaced

Now few of the thoughts here are especially new (though I am not sure how much attention has been paid to the significance of the public sector's low demand for money); so how did we get such an unnecessarily complicated system in the first place? The answer in 1971 was much the same as it was more than 40 years ago, when it was first decided that Treasury bills should be reserve assets of the banking system: the Bank's feeling of responsibility for the discount market.

RACING

Miss Normandy is day's best

IN SPITE of the loss of Newbury winner from that high class Irish which saw him racing the lightly-weighted Cornish Princess to a neck in Newbury's Brooklands Cup National Chase, his last appearance Sebastian V will probably get back on the winning trail. I take him to gain another well deserved success at the chief expense of the veteran Lingus.

- KELSO
12.45—Captain's Table
2.15—Sea Count
2.45—Miss Normandy***
3.15—Sebastian V*
2.45—Game Laddie
4.15—Great Echo**

TENNIS

Champions for Earls Court

LONDON will have a new tennis venue at the end of March when the \$100,000 World Championship Tennis tournament commences at Earls Court. There will be 10,000 seats available each day from March 29 to the Sunday finish on April 3.

BY JOHN BARRETT

Sun Life backs world tourney

SUN LIFE Assurance Society is to sponsor the men's indoor international hockey tournament at the Whitechurch Sports Centre, Bristol, at the end of this month. It was Germany, the present European indoor hockey champions, who will compete against England and Wales in a three-nation tournament on February 26 and 27.

SALEROOM

London dealers snap up silver

LONDON DEALERS were out in force at Sotheby's silver sale yesterday, which totalled £142,879 with less than 2 per cent. bought in. Top price was the £11,500 (to which a 10 per cent. buyer's premium must be added) paid by Hefferman and Jones for four silver cellophane cases by Paul Storr made c. 1830. They had been expected to go for £3,000-£5,000.

BY ANTONY THORNCROFT

Perseus armring was on target at £1,500, going to the Fine Arts Society. A Russian bronze group of a Cossack made £2,500, double the estimate. Among the furniture, a 19th-century ornate mounted ebony writing table of Louis XVI design went to Sackin for £3,000. He also paid £2,600 for a red velvet writing table of Louis XV style. A marble centre table of about 1850 was bought by De Vries for £2,500, five times the forecast.

KENYA AIRWAYS announces the introduction of flights to KENYA

EFFECTIVE 4th FEBRUARY 1977
Departures from London Heathrow Airport Daily at 19.00 hrs

Flights also operate to the following destinations with full traffic rights:

- FRANKFURT Mondays, Wednesdays and Fridays
ROME Tuesdays
ATHENS Thursdays
ZURICH Saturdays and Sundays

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KENYA AIRWAYS,
c/o KENYA TOURIST OFFICE,
13 NEW BURLINGTON STREET,
LONDON W.1.
Tele: 01-839 4477

Corning International Corporation

8 1/2 % Guaranteed Sinking Fund Debentures Due March 15, 1986
NOTICE IS HEREBY GIVEN, pursuant to the provisions of the Indenture dated as of March 15, 1977, under which the above designated Debentures are issued, \$2,000,000 aggregate principal amount of such Debentures of the following distinctive numbers has been drawn by lot for redemption on March 15, 1977 (hereinafter sometimes referred to as the redemption date) through the operation of the Sinking Fund (\$1,000,000 principal amount) of the Debentures representing the Sinking Fund Payment, the remaining \$1,000,000 principal amount representing the Sinking Fund Payment:

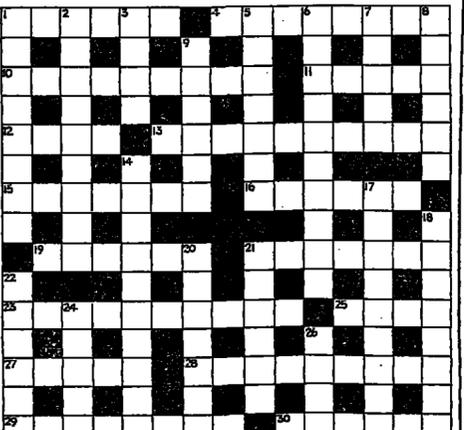
Table with columns for distinctive numbers and principal amounts of debentures to be redeemed.

The Debentures specified above are to be redeemed (a) at the option of the Debenture Trustee to the extent of the Sinking Fund Payment... (b) subject to any laws or regulations applicable thereto, at the option of the Debenture Trustee to the extent of the Sinking Fund Payment... (c) subject to any laws or regulations applicable thereto, at the option of the Debenture Trustee to the extent of the Sinking Fund Payment...

Radio

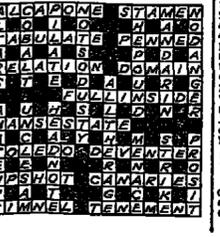
- 7 Indicates programme in black and white.
BBC 1
9.20 a.m. For Schools, Colleges, 10.45 You And Me, 11.05 For Schools, Colleges, 12.45 pm News, 1.00 Pobble Mill, 1.45 Trampolun, 2.05 For Schools, Colleges, 3.20 At Glawr, 3.53 Regional News (except London), 4.25 Jackanory, 4.40 Lippy Lion and his Friends, 4.55 Crackerjack, 5.35 Music Roundabout, 5.40 News, 5.55 Nationwide (London only), 6.20 Nationwide (London only), 6.40 Sportswide.

F.T. CROSSWORD PUZZLE No. 3303



- ACROSS
1 Dad's attempt to make picnic (6)
4 Bellite car going by motorway to the south-east (8)
10 One who tells about appearing in Spain for mantilla (9)
11 Grid left in use over/over (5)
12 Drum used for a dance? (4)
13 Mint producing regal coin? (10)
15 Spear I'd put in river? (7)
16 Spoke goes to the east to slip away (6)
19 Grid back to fish making amorous glances (6)
21 Alien or hybrid creating a flap (7)
23 Currency going to Oriental board is saleable (10)
25 Poke fun with a musical snail? (4)
27 Loosen a French cravat (5)
28 I'm raising dough and getting better (8)
29 It appears in her time as a legacy (8)
DOWN
1 Convent accepts it in preference (8)
2 Often having to sing about tanning down (9)
3 Uncommon and not very well done (4)
5 Concentrated partly in ten seconds (7)
6 Notify friend without ceremony (10)
7 Smooth youth leader using sarcasm (5)
8 Finish with everybody—it's the deathblow (3-3)
9 A special gift—a story book? (6)
14 The process of clarifying could be an improvement (10)
17 Tailor's art? It could be, cutting out end of suit? (9)
18 Stop with rage and impet (8)
19 Finishing off pottery and putting in the window? (7)
20 When to run uphill? (6)
22 Waylay a Frenchman going to the wild (6)
24 Turner? It could be, which ever way you look at it (5)
26 Game given this would be mine (4)

SOLUTION TO PUZZLE No. 3302



- 6.55 "The Rare Breed" starring James Stewart.
8.30 Mr. Big.
9.00 News.
9.25 Harry O.
10.15 Tonight (London only).
10.45 Regional News.
10.48 The Friday Film: "Five Golden Dragons" starring Bob Cummings.
All Regions as BBC 1 except at the following times:
Wales—1.45-3.00 p.m. O Dan Y Mor, 5.55-7.25 Wales Today, 6.55 Heddwl, 7.15 Twelfth, 7.40-8.30 The High Chaparral, 10.15 Kane on Friday, 10.45-10.46 News for Wales.
Scotland—10.23-10.43 and 11.30-11.50 a.m. For Schools, 12.20-12.42 Mr. Big, 5.15-6.20 Reporting Scotland, 8.30-9.00 Current Account, 9.25 When The Boat Comes In, 10.15 Mr. Big, 10.45-10.46 News for Scotland.
Northern Ireland—3.53-3.55 p.m. Northern Ireland News, 5.55-6.20 Scene Around, 10.15 Cluo, 10.45-10.46 News for Northern Ireland.
England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight (Manchester); 10.15-10.45 East (Norwich) On Camera; Midlands (Birmingham) Summer Diversions; North (Leeds) Let Me Propose; North East (Newcastle); A Likely Story; North West (Manchester) Take Two; South (Southampton) This Is Your Press; South West (Plymouth) Penzance West (Bristol); A Family of Strangers.
11.00 a.m. Play School.
7.30 Open University.
7.00 News on 2 headlines.
7.15 Inside Outdoors.
7.30 Newsday.
8.05 The Spinners.
8.35 The Money Programme: Living with Violence in Northern Ireland.
9.00 Port Black 77.
9.25 Horizon.
10.25 The Roads to Freedom.
11.15 Late News.
11.20 Leap in the Dark.

- LONDON
9.30 a.m. Schools Programmes, 12.00 Kathy's Quiz, 12.10 p.m. Pickery House, 12.30 Radio, 1.00 News, 1.30 News, 1.55 FT Index, 1.59 To-day's Food, 1.30 About Britain: Ermine and South Shields, 2.00 Money-go-round, Good Afternoon, 2.55 Friday Matinee: "Letters From Three Lovers", 3.50 The Cedar Hill, 4.15 The Siege of Golden Hill, 4.45 Magpie, 5.15 University Challenge.
6.00 News.
6.35 Crossroads.
RADIO 1 247m
(5) Stereophonic broadcast
6.30 a.m. As Radio 2, 7.00 Noel Storr, 8.00 Tony Blackburn, 12.00 Paul Burnett including 12.30 a.m. Newsbeat, 2.42 David Hamilton (5) (also on VHF), 4.30 John Peel (5) (also on VHF), 12.00-12.15 a.m. As Radio 2.
RADIO 2 1,500m and VHF
6.30 a.m. News Summary, 6.42 Colin Berry (5) including 6.15 Pause for Thought, 6.45 News, 6.55 News, 7.00 News, 7.10 News, 7.20 News, 7.30 News, 7.40 News, 7.50 News, 8.00 News, 8.10 News, 8.20 News, 8.30 News, 8.40 News, 8.50 News, 9.00 News, 9.10 News, 9.20 News, 9.30 News, 9.40 News, 9.50 News, 10.00 News, 10.10 News, 10.20 News, 10.30 News, 10.40 News, 10.50 News, 11.00 News, 11.10 News, 11.20 News, 11.30 News, 11.40 News, 11.50 News, 12.00 News, 12.10 News, 12.20 News, 12.30 News, 12.40 News, 12.50 News, 1.00 News, 1.10 News, 1.20 News, 1.30 News, 1.40 News, 1.50 News, 2.00 News, 2.10 News, 2.20 News, 2.30 News, 2.40 News, 2.50 News, 3.00 News, 3.10 News, 3.20 News, 3.30 News, 3.40 News, 3.50 News, 4.00 News, 4.10 News, 4.20 News, 4.30 News, 4.40 News, 4.50 News, 5.00 News, 5.10 News, 5.20 News, 5.30 News, 5.40 News, 5.50 News, 6.00 News, 6.10 News, 6.20 News, 6.30 News, 6.40 News, 6.50 News, 7.00 News, 7.10 News, 7.20 News, 7.30 News, 7.40 News, 7.50 News, 8.00 News, 8.10 News, 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Battle scarred

by NIGEL ANDREWS

mined with explosives and a Russian women's mortar platoon — but to confront Stransky at the morality of a lesson in effective (and less bloody) than any so far inflicted on a Peckinpah villain.

The usual critical squeals and groans will no doubt greet Peckinpah's deployment of violence no less seismic and remorseless than in his earlier work, although spurring bullet holes and pirouetting gunfighters are here replaced by the infernal imagery of war; soldiers hurled into lurid skies, bodies flung sickeningly against barbed wire, startled faces, shattered hands, all the nightmare dislocations of war.

But those who accuse Peckinpah of gratuitous or catchpenny violence have a less convincing case than usual in this film.

big city job-hunter, but it wraps the story in such a shroud of the monochrome gloom that patience exhausted long before he himself vacillating between honour and business, as "middle man" (Pradis Mukherjee), a young man who after a brief period in the post-university wilderness and ingenuities on the lands a job in an order supply between supplier and client, arranging purchase orders for anything, in his employer's words, "between paper clips and elephants." Early success flatters him only to deceive. When a big order for chemicals from a textile mill manager hangs in the balance, Sam decides whether or not to tip the balance by trading in his own integrity and as advised by his cynical PR colleague — providing his client with the gentle bribery of a call girl on his next visit to the city.

The Entertainment Guide is on Page 33

Over a 2½-hour story, it is the relentless rather than the satirical war that we experience, and Peckinpah has seldom so eloquently presented the obverse side of cruelty and violence: the loyalty and comradeship of men under stress, the will to survive that remains when every other ideal is eroded. Julius Epstein's script offers a sturdy adaptation of the novel by Will Heinrich. But it is Peckinpah's staging that transforms an adventures-story-with-moral into something richer and rarer: reserving a satirical cutting edge for the Jungianist hypocrisies of war—seen alike in Schell's character and in such caustic cameos as the war casualty who having no arms cheerfully holds out a foot to the pompous, hand-shaking general on his hospital round—but enjoying our total respect for Coburn's loyalty to his men, and to their and his survival. On a first viewing I wasn't too happy with the Hemingway-ish interlude in a hospital, where a wounded Coburn enacts a brief affair with a nurse (Senta Berger); nor with the strangely inconsequential roles (were they truncated in the cutting room?) of James Mason and David Warner as the regimental C.O. and his adjutant. But none of these defects seriously weaken the force and momentum of a film that cuts no moral corners in its drive towards a genuinely and passionately pacifist message.

Matters are complicated by the conflicting attitudes of his friends and family — his sister-in-law would turn a blind eye to such a deal, his father would not. The final decision is the hero's. Ray, alas, keeps us in a dilemma itself seem to warrant. The second half of the film is crossed with chiaroscuro like a Warner Brothers gangster film. But in trying to write the hero's problem expressionistically, large, Ray merely turns it into melodrama. A film initially rich in the kind of delicate, throw-away social details at which Ray excels ends up shouldering delusions of tragic grandeur that it would take a much stronger story than this to support.

Out of the mists of the past come two venerable French films, receiving a rare public showing next week at the Electric cinema. *Le Partisan*, made in 1938, is part thriller, part morality tale; the story of a pale, fanatical young reporter (Jean-Louis Barrault) whose role as a self-styled moral vigilante leads him to murder a prostitute. He is arrested and interrogated by a courteously cynical police inspector (Pierre Fresnay), but lack of evidence allows him to go free; until he meets another prostitute and sets for himself, almost wilfully, another trap. Stylish direction by Jeff Musso and fine performance by Barrault and Fresnay embellish a starkly effective story.

Satyajit Ray's new film *The Middle Man* is by contrast a disappointment. It harks back to the Indian director's 1968 film *The Ardour* in its picture of two girls who live in the shadow of a mouldering castle — one is

Le Prophète

by ANDREW PORTER

The Metropolitan Opera's production of *Le Prophète*, which opened last month, completes a "cycle" of major revivals of Meyerbeer's grand operas. *Les Huguenots* was done at La Scala, with Simonato and Sutherland, in 1962; *Robert le Diable* at the Florence Maggio, with Scotti and Christoff, in 1968; and *L'Africain* in San Francisco, with Shirley Verrett and Domingo, in 1972. Reviewing those, I reported that there was life in Meyerbeer still. His contemporaries may have overrated him (Heine once remarked that Meyerbeer's mother had become the second woman in history to see her son accepted as divine), but our fathers rated him too low.



Marilyn Horne as Fides and Renata Scotti as Berthe

The four productions were done in four different styles. The Scala *Huguenots* was large and traditional; the composer would have recognised it. The Florence Robert was a ridiculous attempt by Margherita Wallmann and Svoboda, "to eliminate all that is purely decorative, to present the romantic theme in a dimension accessible to the way of life of modern man." The San Francisco *L'Africain* was an intelligent and successful essay in picturesque, large-scale production without full 19th-century paraphernalia. The Met *Le Prophète*, produced by John Dexter and designed by Peter Weisker, is based — but less disastrously than what Meyerbeer grand opera is about.

opening chorus of Act 3, a large turned her four appearances into four mad scenes of increasing wildness and screamed her high notes in that edgy squeaky tone that she has developed in order to tackle roles heavier than those nature meant her for. But there were some gentle, beautiful phrases too. Jerome Hines, the chief Anabaptist, sang his couplets in dashing fashion, if with execrable French. Raimund Henrich made his Met debut in the tiny part of the second Anabaptist.

The drama by itself, deprived of scenic effects, cannot carry the weight Dexter wished to place on it. John in Shaw's words, "is at the disadvantage of being a hero without having anything heroic to do, and finally having to degrade himself by shouting a vile drinking song amid a pack of absurd nautch girls." In Wagner's words, he is no hero but "a poor devil who through weakness has assumed the role of a charlatan and finally bewails — not an error, a fanatical delusion, which might at a pinch have justified that elaborate electrical sunburst at the end of Act 3 — but his own weakness and meanness." Fides

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"People often dismiss *Le Prophète* as a *pièce de théâtre*," Dexter said, "but I think the work exists on a much more profound level." His set "began as a half-built cathedral but has become a kind of Gothic cage, because that's what the tower of Europe was at the time; the Church was a cage, and everybody was trapped inside it. I first thought of staging the opera as a morality play." Inside that drab "cage" — a kind of Gothic apse run in wood, standing there when one enters the theatre and remaining there throughout the evening — all Meyerbeer's scenes whether indoor or outdoor, domestic or ceremonial, shallow or deep, are imprisoned. The costumes are uniformly brown, grey, or white, with touches of red. When first he received the *Prophète* scenario, Meyerbeer had misgivings about sombre monotony, and devised ways to avoid it. Dexter's staging achieves it. "Effects without causes," said Wagner; in the Met production, there are not even the misgivings about sombre monotony that the British film-going public have not changed over the last 50 years. With a censorship tradition like our own, that would not unduly surprise me; but it's small consolation for having to sit through an essay in titillation as teasing and tepid as this.

theatre. James McCracken was a noble and convincing prophet, with weight, force, and stamina for the heroic passages. (In Paris, Gustave Robert, the first *Prophète*, omitted the prayer of domestic or ceremonial, shallow or deep, are imprisoned. The costumes are uniformly brown, grey, or white, with touches of red. When first he received the *Prophète* scenario, Meyerbeer had misgivings about sombre monotony, and devised ways to avoid it. Dexter's staging achieves it. "Effects without causes," said Wagner; in the Met production, there are not even the misgivings about sombre monotony that the British film-going public have not changed over the last 50 years. With a censorship tradition like our own, that would not unduly surprise me; but it's small consolation for having to sit through an essay in titillation as teasing and tepid as this.

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Old Vic Youth Theatre

The Old Vic is launching a theatre workshop for young Londoners this month to give under-30s an opportunity to learn theatre experience. It is to meet twice a week at the theatre, on Thursday at 6.30 p.m. and Sundays at 6.00 p.m. Frederick Proud, the founder of the Soho Poly Theatre, will be in charge of their head teachers to take



Maximilian Schell in 'Cross of Iron'

The Silver Tassie

by MICHAEL COVENEY

O'Casey's play presents a challenge to the Theatre Royal's new Director of Productions, Clare Venables. The play of the Dublin football hero, Harry Heegan, who returns from the trenches of the First World War is as noted for its bold tastelessness and idling construction as it is for the stark, mock-religious passion of the second act. He is a battle-weary disillusionist in front of a huge howitzer in the scene of "jagged and treated ruin of what was once a monastery."

underplaying the mysterious, ethereal pronouncements of "The Croucher", a sphinx-like remnant, a talking dead man perched on top of a pile of sandbags.

The new company is solid but undistinguished, the production wavering uneasily between the superficially genial and the downright clumsy. There is little evidence of studied sympathy in representing the characters and the Dublin accents of the majority are approximate to say the least. However, Vince Brinkie as Harry does not shrink his emotional task and maintains an impressive, pent-up energy through his decline from athletic stardom to helpless, raging frustration via the Flanders stretcher.

Robin Leggate

by MAX LOPPERT

It is always a special pleasure to watch the blossoming of a bud of a fine singer. Robin Leggate, the young tenor recently entered on a full professional career, gave notice, while a student of the Royal Northern College of Music, of exceptional gifts. More than a year ago he shared a Wigmore Hall recital with fellow students since at that time he has taken sizeable roles in addition to joining the clear, even placement of the voice was a delight — steady at lower dynamic levels (the soft tones had earlier taken a little while to come into focus), pealing eloquently around the top of the stage, secure and easy. The tone can grow large and resolute, with a promise of

heroic stamina and weight that filled the hall but that was not yet over-muscled or strenuous. The sound of a young tenor forging without constraint through "Aufenthalt" with sufficient power to master the final inexorable surge, reminded me yet again how much the songs lose by being dragged down to lower keys for the lower male voices.

With so refreshing a display of natural singing one would not wish to tamper for the world. But it has to be said, on the evidence of the first half of the programme, and of the darker, more difficult songs in general, that Mr. Leggate's imagination does not always keep pace with

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EUROPEAN NEWS

W. German payments balance into surplus

By Guy Hawtin

FRANKFURT, Feb. 10

THE TRADITIONAL deficit on invisible trade transfers by foreign workers and contributions to the European Economic Community due deeply into the 1976 West German DM34.54bn. (\$8.34bn.) trade surplus. But figures released by the Bundesbank today showed that the Federal Republic ended the year with a DM8.79bn. (\$2.12bn.) balance of payments surplus.

This year's performance was an improvement on 1975, when the central bank reported a balance of payments deficit of DM2.22bn. after a trade surplus of DM37.23bn. Last year, invisible trade was also a heavy drain, but there was also a large deficit in the long-term capital sector.

To-day's figures show that in December last year, there was a deficit on payments of DM18.18bn. but a net account surplus of DM910m. This was a considerable reduction on November's deficit of DM32.6bn.

According to the Bundesbank, last year's deficit on invisible trade totalled DM7.81bn. down on the previous year's DM8.68bn. At the same time, the DM11.71bn. net outflow of capital in 1975 turned last year into a DM4.57bn. net inflow.

In 1976, there was a DM18m. net inflow of long-term capital to the Federal Republic, compared with a net outflow of DM16.55bn. in 1975.

Adrian Dieks writes from Bonn: The second round of wage negotiations appeared to be headed for a deadlock to-night, when union leaders representing about 2m. public servants reacted angrily to the offer of a 5.2 per cent. rise by federal, state and local governments.

Last month, workers in the metal-working and engineering sector were awarded wage rises of 4.9 per cent. and 5.2 per cent. counting fringe benefits. With this pace-setter for the rest of the wage round at a high level, it remains to be seen how firm the Government will try to be towards public employees.

The West German Government has found itself in a row with the country's doctors, who in some areas are threatening to strike in protest at draft legislation which would hold down fees as part of a broad effort to put the finances of the social services back into balance.

Doctors are united in seeking to defend a system of payments from state-controlled sickness insurance funds which last year gave them an average income of DM120,000 (almost £30,000) a head.

Italian students protest over education reforms

BY PAUL BETTS

ROME, Feb. 10.

POLITICAL violence erupted again here today as an estimated 25,000 students took to the streets and the piazzas of Rome to demonstrate over the proposed reform of the university and secondary school system and against what the students called Fascist attempts to revive a "strategy of tension" in Italy.

Although police managed to control the massive demonstration, which paralysed traffic in the centre of Rome for about two hours this morning, left-wing extremists attacked a Catholic youth centre with incendiary bombs. Eye-witnesses said that some of them were armed with pistols.

In the popular shopping area of Piazza Vittorio, police had to intervene with tear gas to break up rioting students. Masked extremists caused serious damage to shops and buildings. Yesterday afternoon, during a similar mass demonstration, extremists raided three shops. Some students are protesting against delays in implementation of the reforms while others oppose the reforms altogether.

The latest demonstrations followed an increasing tension in the universities, particularly in Rome, where a neo-Fascist group shot and wounded a student last week. That incident provoked a riot in which two policemen and a student were shot and seriously injured.

University and secondary school students in Rome staged a mass walk out to-day, while students in other cities like Milan, Naples, Pisa, Turin and Cagliari, continued the occupation of some faculties. The situation has been exacerbated at Rome University by chronic overcrowding. The university was built to house 40,000 students but currently has about 120,000.

The wave of unrest is also seen here as a manifestation of the frustration of students who have practically no prospects of future employment. At a week-end conference on youth employment, speakers pointed out that between 800,000 and 800,000 final year students would be jobless at the end of the year.

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Jenkins firm on role of Brussels

By Philip Rawstone and David Buchan

LUXEMBOURG, Feb. 10.

MR. ROY JENKINS today forcefully asserted his intention to use the EEC Commission's power to initiate new Community policies. "I have not come here to preside over a supine Parliament," he told the European Parliament.

The Commission would not compromise on its proposals before putting them to the Council of Ministers but would prepare them so carefully that it would be difficult to reject them.

"I do not judge course by counting the number of times you knock your head against the wall, nor by the number of times you score defeats," he said.

Mr. Jenkins, replying to a debate on his State of the Community message, concentrated to-day on two major issues—enlargement of the Community and the EEC's regional policy.

His cautious approach to enlargement was given to any degree "to underplay the need to provide political sustenance to the nascent democracies of Europe," he said.

He was fully committed to the Greek negotiations, he said, but it was commonsense to look at the longer perspective and the economic difficulties caused by the entry of other countries seeking membership.

"Our purpose should be not to erect barriers, but to make the EEC governments face up to the realities and play their part in solving the problems," he said.

Mr. Jenkins told MPs the Community should give a more complete and defined framework to its regional policy. He attached great importance to the Community's funds, including the Agricultural Guidance Fund.

European MPs, during the six-hour debate earlier, expressed general disappointment that Mr. Jenkins' policy speech on Tuesday did not more clearly indicate the Community's way forward.

The Socialist group strongly supported his step-by-step approach to the EEC's problems. "Detailed blueprints have never been drawn up," said Herr Ludwig Fellermaier, the group's leader, declared.

But reaction from the Centre and Right parties was noticeably cooler. Mr. Russell Johnston, for the Liberals, said Mr. Jenkins' speech had "failed either to anger or delight... it said everything or almost everything, but it meant nothing or almost nothing."

Albert Bertrand, leader of the Christian Democrats, said that its pragmatism had been an attempt to hide the lack of concrete policies. "All he has done is to list the problems without offering solutions," he said.

Throughout the long but sparsely attended debate Mr. Jenkins offered all sorts of reassurances, particularly on the need for a more vigorous regional policy, a more clearly defined stance on the Community's enlargement, and more precise proposals for reforming the Common Agricultural Policy.

Mr. Brian Lenihan, former Irish Foreign Minister, said he deplored any attempt to create conflict over the CAP between producers and consumers. Much of the almost £1.5m. a day was directed to aiding consumers by way of food subsidies, namely in the U.K. The CAP, together with the regional and social funds, should be a major instrument for narrowing the economic divergencies between member States which lay at the heart of the Community's problems, he said.

Mr. Fred Evans, of the British Labour group, called for new regional policy initiatives from the Commission. Better results could be achieved, he suggested, by restricting the free movement of capital and introducing a system of European industrial development certificates.

Sir Peter Kirk, leader of the Conservative group, criticised Mr. Jenkins for his emphasis on the economic rather than the political aspect of the Community, but agreed with the leaders of the other main political groups that the Community should tread cautiously towards enlargement, which would increase economic disparities within the EEC.

Mr. James Spicer, another Conservative MP, said: "If we rush helters-skelter down this road, we risk damaging the fabric of the Community and causing disillusion among the peoples of the applicant countries."

But Herr M. Schmidt, a German Socialist, declared that Mr. Jenkins' apparent attempt to retard the pace of enlargement was contrary to the Treaty of Rome and Mr. Paul de Clerq, a Belgian Liberal, commented sharply that Greece has not sought any departure from EEC rules in its application for membership.

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Helsinki monitor group leader held in Moscow

BY DAVID SATTER

MOSCOW, Feb. 10.

DR. YURI ORLOV, leader of the dissident committee to monitor Soviet observance of the Helsinki accord, was arrested today at the home of another dissident shortly after he had told correspondents that the U.S. State Department efforts on behalf of imprisoned dissident Alexander Ginzburg would probably protect him from arrest.

Dr. Orlov was arrested this morning by eight men at the apartment of Lyudmila Alexeyeva after he had been following almost a week of hiding.

Dr. Orlov left Moscow last week because he feared detention after the arrest of Mr. Ginzburg. Both men have been attacked in a letter to the U.S. State Department by weekly Literaturnaya Gazeta an athe official Soviet news agency. Tass, said that material found during searches of the flats of Dr. Orlov, Mr. Ginzburg and Miss Alexeyeva in January indicated that the three had committed illegal acts on instructions from the Paris-based, exiled-run Peoples' Labour Union. Miss Alexeyeva has since been given permission to emigrate.

The arrest of Dr. Orlov appears to indicate that the Soviet Union is seeking to make it clear that it will not accept any link between dissidents with the West and liberalisation at home. Dr. Orlov's arrest also brings to three the number of prominent dissidents taken into custody during the past week. U.S. reports from Vienna: Ousted Czechoslovak Communist leader Alexander Dubcek has expressed his support for the Charter 77 manifesto published by rights campaigners in Prague in the newspaper Arbeiter Zeitung has said.

In Paris, a Romanian author has come out in support of a Charter 77 movement which attacked the Romanian authorities. Author Paul Gae expressed his support in an open letter from Bucharest to the Czechoslovak dissident published in the French newspaper Le Monde.

In Belgrade, a Yugoslav Foreign Ministry spokesman attacked writer Milovan Djindjic and other dissidents, charging that they are being direct from abroad in a campaign to include Yugoslavia with other bloc countries that are seen as not respecting human rights.

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Dissidence gaining a perilous momentum

BY LESLIE COLTIT IN BERLIN

IT IS ironical that the civil rights movement in Czechoslovakia should emerge just as the Czechoslovak leadership finished congratulating itself over the successful post-1968 pacification of the country.

At the Czechoslovak Communist Party congress last April, Mr. Gustav Husak, the party's Secretary-General and President of Czechoslovakia, reported that what remained of 1968 was "politically isolated" and "absolutely bankrupt."

A seemingly minor incident that was to have unforeseen consequences took place during the congress. Czechoslovak security police swooped on a group of rock musicians in Prague and arrested them. The musicians, members of a group called The Plastic People of the Universe, had, according to the Czechoslovak News Agency, performed "illegally" in public "in a degraded manner."

But it was common knowledge in Prague that the group had for some time been playing before growing audiences in private rooms. The musicians had repeatedly been refused licences as professional performers or as amateurs allowed to perform in public. Prominent Czechoslovak writers and former Communist Government were moved to speak out in defence of the imprisoned group. For the first time in years they found themselves criticising the authorities in unison and their protests eventually led to a reduction of the prison terms. It was the first time that a group of citizens acting in concert had achieved this kind of success.

The Manifesto of Human Rights, Charter 77, was drawn up late last year to remind the Czechoslovak Government that it recently signed two international documents on civil and human rights and that since March 22, 1976, Czechoslovak citizens "have had the right, and the state has had the duty, to abide by them." Only a few months earlier, the Minister of Justice of the Czech Republic confidently said "Czechoslovakia has ratified these covenants and this country offers all its citizens these rights to an even greater extent than demanded by these international documents."

Early last month, after 241 citizens supported the Charter, four members of the newly-launched civil rights movement set out in their cars to present the documents to the Government and the Federal Assembly. They carried a separate statement of support for the Charter from each signatory and a type-

written copy of the Manifesto meant for each supporter. Along the way, the cars were intercepted by vehicles of the national security corps in a scene worthy of a grade-B crime film," says one of the Charter members. They were halted to security headquarters and the accompanying letters of intent to the Government and Parliament. Only after they were presented from handling the document to the authorities did they allow Charter 77 to be released for publication in the West. The Government replied to the document's call for "constructive dialogue with the political and state authorities" by arresting the four would-be petitioners.

The security apparatus was put into action immediately to eliminate the human rights movement in its earliest stage. The authorities do not appear to have recognised, how the reports from Czechoslovakia of Charter 77 supporters being arrested, interrogated, shadowed, intimidated, fired from their jobs and subjected to smear campaigns—have gained publicity inside and outside the country, and have wiped out the recent improvement in relations between Czechoslovakia and the West.

Prominent charter signatories have been stripped of their identity documents and have been issued in return slips of ideological affairs, spoken "traitorous attacks by sive elements" and said will be sought systematically and unrelentingly.

Ordinary Czechoslovaks whom I have spoken about the demands in Charter 77 as the security campaign pace they are not inclining to sacrifice their livelihoods and the future of their children give vent to these feelings.

The Government, aware that the best way to the hearts of citizens is through their stomachs, has swamped stores with imported West goods, like Alaskan canned meat, now on sale in Prague at the same price as the Soviet products.

But leaders in the Charter movement say that in addition the 450 signatories, who are gaining an increasing number of supporters unable to sign for fear of official retaliation, are being harassed by the growing and the established order, the new civil rights movement is characteristic of his land, that even if it were crushed to-morrow it would spring into another form.

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A FINANCIAL TIMES SURVEY

ARAB SHIPPING AND PORTS

April 1 1977

The Financial Times proposes to publish a survey on Arab Shipping and Ports on April 1. This survey comes at a time when trade with the Arab countries is growing at a much faster rate than Britain's trade with other countries.

The proposed editorial synopsis is:— INTRODUCTION: An analysis of the growth pattern of trade to and from this area, and its likely development.

SUEZ CANAL: The effects of the re-opening of the canal on shipping and ports.

RED SEA PORTS: Covering in depth, the long term prospects for shipping in the Red Sea.

GULF PORTS: The development, progress and expansion of the gulf ports.

SHIPPING EFFORTS TO BEAT PORT CONGESTION: Covering the growth in purpose designed vessels, regional development of ports, the need for improvement in communications and documentation facilities, improved cargo handling methods, the creation of the Gulf Bureau.

ARAB SHIPPING—OIL TANKERS AND DRY CARGO: An up-to-date review of the plans of the major regional Arab oil transportation companies.

SHIP REPAIR: The market prospects and the progress of construction facilities, as well as the performance of Arab Ship Repair companies.

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OVERSEAS NEWS

Waldheim bid to convince Israel of Arab sincerity

MICHAEL TINGAY

JERUSALEM, Feb. 10

MUCH MORE important, though, is the visit of Mr. Cyrus Vance, the American Secretary of State. While the Arabs are emphasising the UN role in mediation, Israel is once again stressing the American role in peacemaking. A call by Mr. Allon yesterday for a postponement of the Geneva conference is balanced by Israel's unqualified refusal to agree to an invitation to the PLO.

Mr. Waldheim, the UN Secretary-General, arrived in Jerusalem today from Amman to try to convince the Israeli Government that the Arabs sincerely wish to achieve peace through negotiated settlement. He was met at Jerusalem airport by Mr. Yigal Allon, Israel's Foreign Minister but the cordial atmosphere was shattered by Mr. Allon's reiteration yesterday in Brussels that he could not look on the UN peace-making organisation as a mediator, as opposed to actual mediation, is a valuable part of the peace process since it paves the way for the other Western leaders who are due shortly in the Middle East.

Mr. Waldheim's role as a purveyor of facts and positions to and from both sides is unique. The Secretary-General's team believes that the gathering of information on positions, as opposed to actual mediation, is a valuable part of the peace process since it paves the way for the other Western leaders who are due shortly in the Middle East.

Yen's climb continues

By A Special Correspondent

TOKYO, Feb. 10

THE YEN continued its recent rise on the Tokyo foreign exchange market today, influenced by the much-publicised remark of University of Pennsylvania Professor Lawrence Klein that a 10 per cent appreciation of the yen and the German mark would serve greatly to aid world economic recovery.

CRISIS IN THE EAST AFRICAN COMMUNITY

The collapse of an ideal

BY JOHN WORRALL IN NAIROBI

ALMOST EVERYTHING that could go wrong with the East African Community is going wrong. Kenya this week set up its own railway system, cutting loose from the East African Railways Corporation, while the East African Airways Corporation has just collapsed under a mountain of debt, after years of strain, mismanagement and ideological infighting.

The report, however, is believed not seen since colonial days. The East African Railways Corporation has been bogged down by similar problems, may never be published as a joint exercise, and perhaps will only appear if one country feels like using it to take a crack at another.

market, unique in Africa, is also menaced. For years it has been a stimulus to trade between the three countries, but heavily weighted in favour of Kenya as the most developed of the three. Tanzania is increasingly putting up barriers against Kenyan goods and services, buying elsewhere, such as from China, though Kenya can produce most goods Tanzania needs.

What is evident is that the "African togetherness" which brought the Community into being in 1967 has evaporated into state chauvinism and narrow nationalism. Ironically, "togetherness" still seems to exist among the ordinary people.

Tanzania is obsessed with Kenya's free enterprise system and would rather buy expensively elsewhere than cheaply in Kenya, the "man eat man" society, according to Tanzanian publicists. Tanzania would settle for jointly owned inter-state industries and enterprises but Kenya, with bitter experience of community operations, would rather keep things as they are.

LO and Syrians clash near Beirut

BEIRUT, Feb. 10

LEBANONIAN commandos of Lebanon's Arab guerrilla force clashed in fighting around the UN refugee camp, on the eastern outskirts of Beirut, yesterday, eyewitnesses said. Force sources said the clash involved Syrian troops from the Peace Force, a group of Palestinian commandos supporting the PLO, and the Lebanese Front, which is used to any peaceful settlement of the Middle East crisis. Sources said all types of weapons, including anti-aircraft guns, were used in the fighting. There was no immediate word on casualties.

Rabin wage, price freeze

BY L DANIEL

TEL AVIV, Feb. 10

ISRAELI Prime Minister Yitzhak Rabin and the head of the Trades Union Federation today decided on an economic emergency programme which would freeze wages, prices, dividends and taxes, at least until after the general elections, scheduled for May 17.

The Premier is due to meet the Employers Federation tomorrow morning to seek their agreement to the package. If this fails, the Government plans a bilateral agreement with the trade unions which it will bring before the Knesset in the form of special legislation.

Australia capital inflow

BY KENNETH RANDALL

CANBERRA, Feb. 10

THE INCREASED capital inflow following the Australian valuation last year, has brought the balance of payments close to break-even point, according to official statistics released today.

We'll give you an office in Tokyo

Right in the heart of Tokyo's business district is the JAL Executive Service Lounge. Your office away from the office, conveniently and comfortably situated on the mezzanine floor of the Imperial Hotel. Since there's everything there for you except the overheads, it's better than having your own Tokyo office.

ON OTHER PAGES Regional Company News: V dividend hopes 31/32 ng and Raw Materials: farm price demands 37

CHARITY NEEDS YOUR TRUST CHARITIES AID FOUNDATION, the leading specialists in the administration of tax-privileged funds for charity, provides unique financial services for private individuals and companies...

EEC, Arab talks open in Tunis

By Tanya Matthews

TUNIS, Feb. 10

DELEGATIONS representing on the one hand 19 Arab countries, together with the Palestinians, and on the other the nine Common Market countries, met today for the opening of the second general committee meeting of the Euro-Arab Dialogue in Tunis.

Qatar may pay Shell £14m.

The Qatar Government is understood to have agreed to pay Royal Dutch Shell £14m. compensation for its remaining 49 per cent holding in Shell Qatar.

Soweto pupils back

Black students streamed back to schools in Soweto yesterday, in the face of warnings that police would be on hand to quell wandering in streets in school hours.

S. Pacific quails

Soviet plans to establish fishing fleets based on South Pacific islands might result in such bases becoming naval installations.

Island appeal

Leaders of tiny Norfolk Island in the South Pacific, first inhabited by descendants of the Bounty mutineers, have called on the United Nations to return them from an Australian political takeover.

JAL Executive Service Lounge advertisement featuring images of the lounge and a woman, with text describing the service and contact information for Japan Air Lines.

AMERICAN NEWS

Car makers, Congress in talks on pollution curbs

BY JAY PALMER

THE LARGE U.S. car makers and Congress are now sitting down together to solve an urgent problem which, if it remains unsolved and in the unlikely event of it being carried to extremes, could result in car industry shutdowns this autumn and refusals to build any more vehicles.

U.S., Japan agree on fish rules

BY DOUGLAS RAMSEY

JAPAN and the U.S. have reached agreement on strict rules which Japanese fishermen will have to observe in exchange for continued access to U.S. waters up to 200 miles from shore.

Castro praises Carter

BY DAVID BELL

GENERAL FIDEL CASTRO, the Cuban Premier, said in a U.S. television interview broadcast last night that he admires President Carter's honesty and would welcome a meeting with him.

U.S.-MEXICAN RELATIONS

Washington's reluctant suitor

BY ALAN RIDING, MEXICO CITY CORRESPONDENT

MEXICO's new President, Sr. Jose Lopez Portillo, flies to Washington on February 13 for a four-day official visit intended first of all to reassure Americans that he is very different from his controversial predecessor, Sr. Luis Echeverria.

Trade deficit

Washington would be unwise to ignore the fundamental nationalistism of Mexico's new President, Sr. Lopez Portillo, who has made it clear that Mexico should have the right to free access to its 200-mile fishing zone.

Bitterness

It will be easier to change Mexico's image in official Washington than among the American public at large. A few embraces between Sr. Lopez Portillo and Mr. Carter, for example, will not dispel the bitterness of American Jews who remember Mexico's anti-Zionist vote at the United Nations 15 months ago.

Panama Foreign Minister resigns

By Alan Riding

MEXICO, Feb. 10. SR. AQUILINO BOYD, the Foreign Minister of Panama, resigned last night, following a disagreement with the country's dictator, General Omar Torrijos, over the handling of the canal treaty negotiations.

McBride likely winner in steel election

By Stewart Fleming

NEW YORK, Feb. 10. WITH SOME 90 per cent. of the votes of the 5,300 steel union local branches unofficially counted, it seems certain now that Mr. Lloyd McBride will succeed Mr. L. W. Abel as president of the 14-million United Steel Workers of America union.

Greece puts emphasis on fairs

By Margaret Hughes

IN ANTICIPATION of its entry into the EEC, generally expected to take place in the early 1980s, Greece is placing greater emphasis on trade fairs as a means of both promoting exports and attracting foreign co-operation to speed up its industrialisation programme.

RAF transport fleet sold as air freighters

FINANCIAL TIMES REPORTER

THE ENTIRE RAF fleet of 10 Belfast heavy freight aircraft has been sold by the Ministry of Defence to the U.S. company, Pan African Air Freight-Liners (a member of the Pan African Industries Group) for use in air freight operations in West Africa.

Romanian target missed

BY PAUL LENDVAI

VIENNA, Feb. 10. ROMANIA'S FOREIGN trade turnover last year was up by 14.3 per cent. according to the communiqué on the 1976 plan fulfilment.

Venezuela oil sales scheme

By Joseph Mann

CARACAS, Feb. 10. Sr. Valentin Hernandez, Venezuela's Petroleum Minister, said yesterday that his Government aimed to market 40 per cent. of the country's oil exports itself, without international companies acting as intermediaries.

WORLD TRADE NEWS

Japan is urged by Britain to open domestic market

BY DOUGLAS RAMSEY

SIR PETER CAREY, Permanent Secretary at the Department of Industry, left Tokyo this evening after extensive discussions with Japanese Government and industry officials about increased Japanese investment in Britain.

ICI reduces work force in Germany

By Rhys David

ICI FIBRES which is already engaged in a major trimming of its U.K. labour force is to dismiss a total of 400 employees at one of its West German plants in Olfenbach, in the Rhineland Palatinate.

Aerospace sales by U.K. reach record

BY MICHAEL DONNE

The U.K. aerospace industry achieved a substantial balance of payments surplus last year, with exports amounting to £904m. against imports of £595m.

Libyan training

BY MICHAEL DONNE

The Libyan Ministry of Industry and Commerce has signed a contract with the education and science division of ABSTM of the U.K. for the supply of four packages of equipment for industrial training institutes in Tripoli and Be to be used for practical training in electronics, refrigeration, air conditioning and agricultural engineering.

Hong Kong traffic

BY MICHAEL DONNE

Hong Kong handled 21,000,000 of cargo in 1976, a new record and an increase of 25.5 per cent. over the total handled the previous year, which was 10.1 per cent. down from 1975.

Algerian cutlery

BY MICHAEL DONNE

Werkzeugmaschine (a French firm) has been appointed the general agent for Pan African Air Freight-Liners (a member of the Pan African Industries Group) for use in air freight operations in West Africa.

Hungary's trade muddle revealed

BY GEORGE SCHÖPFLIN

A DEVASTATING picture of ignorance, manipulation and muddle in the management of Hungary's foreign trade is provided by the latest issue of the periodical analysis of the resulting waste is particularly disturbing due to Hungary's high dependence on foreign trade for its economic survival.

Record U.K. knitwear exports

BRITAIN'S KNITWEAR

Industry increased its exports last year by 17.7 per cent. in 1976 on the previous year, achieving record sales of more than £200 million.

Japanese engines for Perkins

BY MICHAEL DONNE

Toyo Kogyo has signed a four-year contract to supply Perkins engines Group's 2,000 diesel engines of 4.1-litre capacity annually.

Libyan training

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Franco-Soviet deal

BY MICHAEL DONNE

Three French companies—Alcatel, LTT and Cables de France—are to supply telecommunications equipment worth \$75.50m. to be installed along a 1,600 km. liquid ammonia pipeline between Oran and Togliatti, near Kuybyshev.

S. Korean loan

BY MICHAEL DONNE

Japan has agreed to provide a \$12.5bn. loan to help fund a series of irrigation projects throughout South Korea.

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A DEVASTATING picture of ignorance, manipulation and muddle in the management of Hungary's foreign trade is provided by the latest issue of the periodical analysis of the resulting waste is particularly disturbing due to Hungary's high dependence on foreign trade for its economic survival.

HOME NEWS

Bullock will need consent of managers, says Ryder

BY ADRIAN HAMILTON

BULLOCK recommendations should be introduced only if the consent of managers as well as the workforce, Lord Ryder, chairman of the National Enterprise Board, warned yesterday.

Lord Ryder's fear was that the Bullock report could divert attention from the real import, summed up in the concept of 'industrial democracy' as a way of solving Britain's poor labour relations.

The urgent task was to "find ways of moving, in a pragmatic fashion, towards a common underlying objective... best commitment, involvement and identification on the part of the employee in relation to the enterprise or organisation in which he is employed."

Voluntary

Although his comments on Bullock were carefully framed not to form an attack on the Government's view on employee participation—indeed, he expressed some forceful criticism of some Confederation of British Industry views as well as old-fashioned boardroom attitudes—his lecture is bound to be taken as further support for industry's view that Bullock's majority recommendations should be discarded in favour of a more flexible, voluntary approach.

Chapple plea for rights of the small unions

BY DAVID CHURCHILL, LABOUR STAFF

FRANK CHAPPLE, general secretary of the Electrical and Mining Trades Union, yesterday gave a warning that proposals for electing worker directors put forward in the Bullock report should not be used to isolate small unions.

On the question of how worker representatives should be chosen, he said that the National Enterprise Board had supported the idea of taking shop stewards in British Leyland because they were elected, even if by a minority, and another system would mean duplication of elections.

But he also argued that "there are some real problems in companies where a substantial proportion of the workforce does not belong to a trade union and has no wish to do so."

He further warned of the need not to disregard the role of the middle manager and for managers share power with shop stewards.

U.K. demand rises for machine tools

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE MARKET orders for machine tools improved steadily in 1976, although demand in export markets remains weak, according to the latest statistics from the Department of Industry.

Takeovers up 12% but below boom levels

Financial Times Reporter

THERE WERE 353 company acquisitions in 1976, an increase of 12 per cent on 1975. Expenditure on takeovers was 47 per cent higher at \$427m. than in 1975, according to Department of Trade figures to-day.

Aid projects

CHRISTIAN AID has agreed to spend more than \$127,000 on development projects in seven Latin American countries.

Selby shaft

Contract for the sinking of the first two shafts in the Selby coalfield has gone to Cementation Mining. The 1,274 feet shafts, the first of ten, will take 2½ years to complete.

Brain drain

Mr. Peter Miller, outgoing chairman of Lloyd's Insurance Brokers Association, warned that excessive taxation and a pay freeze had resulted in a brain-drain from the industry.

Jubilee walk

The Queen is to walk from St. Paul's to Guildhall on Jubilee Day, June 7, after a State drive from Buckingham Palace to the cathedral for a service of thanksgiving.

Better fare

Catering facilities at seven airports run by the British Airports Authority are to be improved after a survey showed that most passengers felt there was room for improvement.

Fast Aston

Aston Martin is launching a 170 mph variant of its two-door V8 model costing almost £20,000—\$4,046 more than the standard V8.

Left aids Right

Growing power of the extreme left was "a dimension which would help Tories win more seats than ever in the coming local elections, Mr. Michael Heseltine forecast yesterday.

Talks over aid delay Rubery Owen decision

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

DECISION about Rubery Owen Conveyancer, the forklift concern, is being delayed by discussions about a kind of Government aid which will be available to facilitate proposed merger with Covent Climax.

Law on vetting tobacco substitutes to go ahead

BY STUART ALEXANDER

THE GOVERNMENT yesterday affirmed its intention to bring tobacco substitutes and additives into the orbit of the Medicines Act and to give the Independent Scientific Committee on Smoking and Health Statutory status.

New-style planning urged for inner cities

Financial Times Reporter

A CALL for a new type of planning for inner city areas was made in Bristol yesterday by Mr. Reg Fresson, Minister for Housing and Construction.

High British Gas profits expected for this year

BY RAY DAFTER, ENERGY CORRESPONDENT

THE BRITISH GAS Corporation is expected to end the current financial year with a substantial profit. The undertaking is likely to return a net profit between £25m. and £100m.

High British Gas profits expected for this year

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Nuclear energy still vital for future, says Kearton

BY RAY DAFTER, ENERGY CORRESPONDENT

BRITAIN SHOULD continue working towards the evaluation and possible development of a nuclear breeder reactor programme, Lord Kearton, chairman of the British National Oil Corporation, said yesterday.

Data General welcomes IBM to the minicomputer market. Who says you can't teach an old dog new tricks?

Using the minicomputer to complement the big mainframe is nothing new. It's an idea that we started pioneering more than eight years ago.

Data General logo and contact information form including Name, Title, Company, Address, and Tel.

HOME NEWS

Shotton closure 'means disaster'

By Ian Hargreaves, Industrial Staff
THE ECONOMIC and social life of the Shotton area...

Scottish Board aids heavy vehicle plan

BY OUR OWN CORRESPONDENT

THE SCOTTISH Development Agency will invest more than £1m in starting a company which will make a cross-country heavy duty vehicle of British design...

will be known, was first displayed at last year's Aldershot Army equipment display. It tended to fill the gap between the Land Rover and the standard Bedford four-wheel-drive truck...

interest-free Unsecured Loan stock 1985. The project is receiving industry act support from the Scottish Office. This is the agency's first big investment in a new venture...

London Weekend goes into battle

By Michael Thompson-Noel

LONDON WEEKEND Television yesterday announced a package of programmes covering drama, light entertainment, current affairs and features...

Leyland workers to strike on differentials

BY DAVID CHURCHILL, LABOUR STAFF

SKILLED TOOLROOM workers in British Leyland are to challenge the pay policy next week by taking unofficial strike action in support of demands for extra money to maintain and improve their differentials...

A one-day strike in December in support of their demands was supported by about half of the toolroom workers. The toolmakers' leaders are optimistic that next Friday's strike will achieve substantially more support...

Threats fail to deter Varley

By Peter Cartwright

MR. ERIC VARLEY, Secretary for Industry, last night decided to go ahead with his meeting with Leyland workers today in Birmingham in spite of threats from several groups, including toolmakers, to disrupt the visit...

Coal Board test centre cost up 70% in a year

BY DAVID FISHLOCK, SCIENCE EDITOR

THE COST of a coal research project the National Coal Board is managing on behalf of the International Energy Agency has risen by 70 per cent in only a year, the NCB disclosed yesterday...

of the facility, the 85MW (thermal) fluidised-bed combustor and its pressure vessel, will be supplied by a German company Vereinigte Kesselwerke, of Düsseldorf, under a £2.1m contract...

Project development studies over the past year has clearly defined it as a test facility and not a prototype fluidised-bed power plant, which some of the protagonists were hoping for...

Power engineering men fight mergers

BY OUR LABOUR STAFF

UNIONS in the work-starved power engineering industry declared their opposition yesterday to company mergers expected to be agreed and announced in the next few weeks...

In spite of the uncompromising line of the confederation yesterday some union leaders think that the industry needs to be reorganised, and that some redundancies are virtually inevitable...

Investment by Massey-Ferguson tops £23m.

By Kenneth Gooding, Industrial Correspondent

MASSEY-FERGUSON, the Canadian-owned group involved in a bitter industrial dispute at its Coventry plant, disclosed yesterday that it had achieved record levels of investment and exports in the U.K. last year...

Striking newsmen accept TUC peace proposals

BY OUR LABOUR STAFF

TWO LONG-RUNNING disputes involving journalists were settled yesterday. Seventy journalists employed by East Midlands Allied Press accepted the recommendations of the TUC printing industries committee which could end their nine-week strike over fringe benefits...

They had also won improvements in redundancy pay and sick pay. The journalists are still awaiting progress on their claim for a salary review under Schedule 11 of the Employment Protection Act which deals with terms and conditions between comparable groups of workers in the same industry...

Transport bodies 'need more say'

BY IAN HARGREAVES

THE Greater London Council's bid for greater control of British Rail services in the capital has received backing from the Association of Metropolitan Authorities...

could be a possibility in West Yorkshire, where National Bus owned only a small proportion of buses. In areas where National Bus was predominant, such as Tyne and Wear, an agreement on closer control of service and fare patterns would be more likely...

new relationship with British Rail whereby inner suburban rail services would be controlled by the authority and operated by British Rail on a contract basis. The Brighton Line Commuters' Association, one of Britain's most vociferous travellers' organisations, has decided to start coach services to London from the Sussex seaside resort, beginning at the end of March...

Automation has important role

BY OUR INDUSTRIAL STAFF

THE AUTOMATION and instrumentation industry has an all-important role to play in the rekindling of Britain's industrial strength. Mr. John Lutjens, chief executive of the George Kent Group, said in London yesterday...

greater emphasis on the need for automation to conserve energy, and it seems that this conservation is perhaps even more important than the exploitation of further sources of energy. In meeting growth rates set under the Government's industrial strategy, the industry needed to be able to make margins that would enable it to carry on with necessary development work in such a high technology industry...

Sir Frederick Warner, chairman of the process plant working party of NEDO, told the meeting that, instead of employment, intellectual argument and technical decisions, all those in the instrumentation industry should get down to the practical problems of making products better than their foreign counterparts. Then, import substitution would be possible and foreign markets could be more easily penetrated...

P & O gives Europe first jetfoil line

By Kevin Done, Industrial Staff

EUROPE'S first commercial jetfoil service, linking Central London with the Continent through Zeebrugge, Belgium, is to be opened in May. The daily return service, which begins on June 1 in a Boeing jetfoil, carries 200 passengers to the London terminal at St. Katharine's Dock Pier, beside the World Trade Centre near Tower Bridge...

£1m. order aids BR subsidiary

Financial Times Reporter

BRITISH RAIL Engineering has gained a £1m. container-building contract from Ocean Transport Trading, removing the threat of contraction of its Derby production. The company, a subsidiary of British Rail, was almost at the end of a contract with Bell Line. The new order guarantees to keep it in container-building work until the end of this year...

Evidence on actuary 'unsatisfactory'

DETAILS OF the case in which the Department of Trade was instructed by Sir Iddow Pugh, Parliamentary Commissioner for Administration, to make a fresh review of its findings that a controller of an insurance company was not a fit and proper person to be given yesterday in the second report of the Commissioner...

spokesman on Transport, who had referred it to the Ombudsman. But Mr. Fowler gave no facts other than stating that it concerned Castle Life Assurance Company, which has now changed its name to legal.

In April, 1974, the company was instructed under section 13 of the 1973 Insurance Groups Act to cease taking new business and the individual was not a fit and proper person to be a controller of an insurance company.

The Institute of Actuaries stated last night that having read the Ombudsman's report on one of its Fellows, it would be asking the Department of Trade for a sight of the relevant papers once the case had been reconsidered.

subsequent representations made by him or on his behalf. He also contended that official had shown personal prejudice against him.

Channel insurance funds to industry, says Allen

BY ERIC SHORT

INSURANCE FUNDS should be channelled into industrial development to create jobs and improve productivity, Lord Allen, chairman of the TUC economic committee and general secretary of the Union of Shop, Distributive and Allied Workers, told members of the industrial life offices at Bath yesterday. He attacked previous investment policies and said their results were plain to see. On the hand, industry had been run down and was in a depressed state as typified by the Trafford Park trading estate in Manchester. On the other, multi-story office blocks built during the last decade were left empty in every big city and town...

The speculative property boom of 1971-73 had demonstrated clearly that making funds available for investment would not necessarily promote it in the desired area.

NUT promises tough line on militants

By Michael Dixon, Education Correspondent

A TOUGH line against militant Left-wingers operating in the National Union of Teachers was promised last night by Mr. Fred Jarvis, the NUT general secretary. He said union members in Cumbria that a minority group named Rank and File was striving to manoeuvre the NUT executive into changing its policy so as to sanction militant action by any group of members which chose to take it. Even though it was believed that there were only about 3,000 Rank and File teachers among the union's 267,000 members, Mr. Jarvis said that it was important that the whole membership should know what was being attempted and what the real issues were. Referring to the NUT's recent suspension of some members who staged an unofficial strike in East London, he added: "I hope that small minorities of members in other schools who are talking about unofficial action will take heed of what has happened and conform to the rules and decisions of the union."

Progress over airport row

TALKS ON a dispute involving 36 firemen which has closed Glasgow Airport to passenger traffic since Saturday night, made progress yesterday, a union official said afterwards. The talks were adjourned until today.

You Win Potatoes

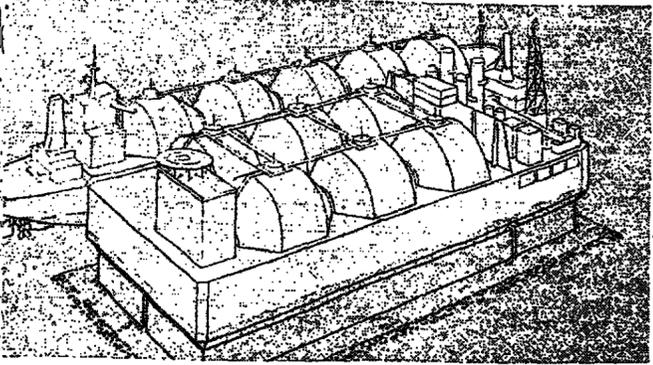
مكتبات الاصل



The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

ENERGY



firm base for liquid gas plant

COMPLETELY new so far as sea-liquid natural gas plants concerned is a design which is being developed by the Spanish engineering group, the design has been called Liquefied Gas Supported System (LGS) and is the first in storage and liquefaction barges are not left to float but are firmly anchored to a concrete caisson resting on the seabed.

Plans have been taken out of the concept which is a development of Sener's marine system (the MLS) which is a floating plant for liquefying, treating, liquefying and ship-loading natural gas.

Five new plants will be built in the Bay of Algeciras, first purpose-built for the construction of ships and sea-positioned plant, now taking shape at the Bay of Algeciras, Spain.

The essence of the design is

that both storage and liquefaction caissons supporting them can be towed, floated into position or sunk at will by the use of ballasting and de-ballasting techniques and that the whole plant is supported from the seabed.

When the soil and underlying geological structure are sound, caissons would be sunk to the seabed, a layer of gravel being laid on top of them to equalise pressures and the barges would be brought into position and ballasted on to the support surface. This creates a fixed foundation, layers of fill-in which could be sand or gravel, would be laid first.

Apart from overcoming doubts that floating plant might not operate efficiently under dynamic conditions, the design offers mobility and the advantage that assembly can take place on shore under industrial condi-

tions with full quality assurance, unlike most land-based plants where assembly has to be carried out where there is no technological infrastructure.

LGS is suitable for any LNG site with a water depth of up to 30 metres. Designs are available for plants with a liquefaction capacity up to 500m. cubic feet of gas/day.

Standard is a 400m. cubic feet/day plant and the cost of such a plant for delivery in mid-1980 would be \$450m. This would include construction, towing, installation, seabed preparation and plant testing. Finance for up to 90 per cent of this would be available through a combination of Spanish Government marine credit arrangements and private Spanish banks.

Extensive studies of how the structures would behave in various combinations of wave and wind forces have been carried out. Further details from Sener, 56 Avenida del Triunfo, Las Arenas, Bilbao, Spain.

power cost memory

RELIABILITY is announced by a new 8k dynamic random access memory (RAM) 16-bit package which should be comparable in price to 4k RAMs to be built at a lower price per bit.

Projections made by the company show that within a year or two the price per bit of 8k RAMs will have dropped to half that of 4k and perhaps 1/3 that of 16k.

A new component, 2108, is used as 8,192 one-bit words manufactured using a two-polysilicon NMOS process.

Reliability is not critical, allowing gated addressing without timing performance. None of the three refresh modes available needs more than 64 cycles fresh all 8,192 bits.

There is a choice of access times (220 or 300 nanoseconds) the power consumption is less than 24 mW in standby. The device will operate over a temperature range of 0 to 70 degrees Celsius from 4 to 200 degrees Fahrenheit. (Covley, Oxford OX4 3NB 5 771431).

ready as it goes

MARINE beacon has been used so that it will not illuminate more than 5 degrees from vertical and will thus keep light and radar reflectors in line in rough seas to ships.

The beacon has been especially designed for marking dredged channels and narrow harbour passages where it is important that the light is constantly on.

It was first tried out at the harbour at Genoa and is now in operation there.

The light from the

surface of the water can range from two to six metres and the beacon can be anchored in depths between 5 and 50 metres.

A non-rotating anchoring unit incorporating an expanded pivoting device is claimed to enable precise positioning of the beacon which may be connected to the main harbour lighting system. A mooring chain is not necessary.

The beacon has been designed by Resinex S.P.A. via per Rovato 20, 25049 ISERO (Brescia) Italy.

Alarm given by pocket transmitter

A NEW approach to the problems of individuals with security responsibility who are held up or attacked when carrying out any emergency button or device has been made by Arma Systems.

From a small radio transmitter the size of a bar of soap kept in the pocket or handbag, a signal can be radiated up to 300 feet and picked up by a fixed receiver permanently installed on the premises. This will then sound suitable audio or visual alarms or if necessary connect to another communication link to bring police or other security aid.

A large number of the transmitters can be operated in the premises if need be because although only a handful of frequencies are used in the upper VHF band, digital coding gives each of the pocket units a specific channel. There are 180 codes so that with the limited range there is little possibility of interference between separate systems in the same locality.

Typical applications are for nightwatchmen and patrolling security men, garage forecourt attendants using isolated kiosks (where wired systems are difficult due to concrete channelling and the presence of oil), public transport and lorry crews, and possibly in old persons' residential homes.

Alarm given by pocket transmitter

Although mobility is the main advantage of radio, the equipment can also be used with sensors and transmitters in fixed positions at door and window openings, cash tills or to protect racks of garments. Glass protection (vibration) and heat detection sensors can also be provided.

The company also expects sales to domestic premises because although an expenditure of several hundred pounds is involved, the system can simply be unscrewed and taken with the owner should he move house. Fitting is stated to be at DIY level and the only additional requirement is a Home Office licence costing £5.50 for a year.

Arma claims that jamming is impossible—any attempt to do so simply sets off the alarm. The company is at 6, Cale Street, London SW3 3QU (01-881 1611).

Tester for magnetic code lines

EQUIPMENT for testing the magnetically striped plastic cards used with automatic cash and banking systems has been developed by Cambridge Consultants for a major bank.

Simple and easy to use, this tester is essential for the new automatic banking systems are to be successfully introduced. Implications of failure of thousands of cards in service would be enormous, both financially and in terms of customer dissatisfaction.

Although an international specification of precisely what constitutes a satisfactory, workable card has yet to be generally agreed, practical criteria have been established jointly by the client bank and Cambridge Consultants. The card tester uses these criteria automatically to determine whether or not the card is likely to give satisfactory service to the customer to whom it is issued. To make it truly representative of the 24-hour automatic banking machines newly installed in this country, Cambridge Consultants' card tester uses the same card reader/writer module.

The machine can bulk-test cards before issue and check cards rejected in service. To bulk-test, an operator loads the tester with a batch of cards. Each individual card is then automatically read through the reader/writer. A signal of known amplitude is encoded on each card, and this signal is read from the card, checked, and stored in a digital memory.

If the signal level is acceptable throughout the card, this indicates that the card is likely to perform satisfactorily in use and so is delivered to a bin for issue.

To check individual cards which have been rejected or returned by a customer, a trained operator feeds the cards into the machine one by one and examines the stored signal on a display oscilloscope to see where the fault lies. To make it easier to determine the location of the fault this is highlighted by a second marker trace on the oscilloscope.

This machine is the first for testing cards on issue and has aroused interest not only from banks but also from card and card machinery manufacturers.

Cambridge Consultants, Bar Hill, Cambs CB3 8EZ. Crafts Hill 0954 62466.

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COMPUTERS

Accent on networks

THOUGH users of large and medium-scale computers had started to believe that major manufacturers would be putting a moratorium on new equipment till the impact of the minis and micros could be better assessed, this belief was of short duration and in the past six months or so there have been several announcements of machines right at the top of the range.

Now Burroughs has brought out two top-flight machines — the 7811 and 7821 — which come at the summit of the 800 series and represent a gain in performance of up to 2 1/2 times that of the machines they replace. Prices for average systems run from over £1.6m. to over £2.5m.

Between the two models, the first having one central processor and one 28-channel input/output processor and the second doubling up on both.

However, it is possible to run systems with multiple processors and memory modules to meet customer needs, each system being expandable to a maximum of eight processing units.

Customer deliveries are scheduled for the first quarter of 1978.

Design of the new central processor takes advantage of recent advances in component technology to improve the speed with which essential programs and essential data can be made available to the processing units by pre-fetch techniques.

Total main memory is over 64 Megabytes and the processor can handle up to eight data communications processors. These, in turn, can handle up to 2,048 data links.

All this adds up to a vast amount of central power, but also to very extensive capabilities to operate a network of intelligent terminals with a lot of local processing power.

More from Burroughs on 01-759 6522.

COMMUNICATIONS

Building Europe's data connections

LOGICA, a major U.K. software and system group with a special flair for communications and network problems, will play an important role within a six-member European consortium chosen unanimously by the nine EEC countries as the main system contractor to establish the Euronet data packet switching network for Europe.

The importance of the move is that packet-switching makes the most economical use of line facilities and allows computer to "talk" to computer at high speed regardless of make or location.

Equipment to be used will be primarily of SEMS and TRT-Philips origin—runner up was a system derived from U.K. work based on Ferranti computers and serving, largely, the requirements of British Steel (Experimental Packet Switching System or EPSS).

A third contestant was again a multi-company group containing Britain's systems-to-components company Plesey.

At the heart of the network will be concepts established during the design of Transpac, the French packet-switching system which has already set up links with a number of European experimental systems, may soon link with Canada and the U.S. and one to have won far more user support at home than EPSS ever did in Britain.

Final choice went to the Transpac-based proposal rather than the U.K. concept because SESALogica had designed primarily with a public service in view. A major consideration must also have been that Transpac conforms with X25, the standard packet-switching interface adopted by CCITT, the European telecommunications authorities' standards body, while EPSS does not.

X25 has received massive backing in recent days with the announcement that IBM is offering an adaptor allowing company equipment operating within IBM Systems Network Architecture (SNA) to be connected to a public packet-switched network.

HEATING

Industrial fuel loss cut

ACTUAL reductions in heating bills of more than £300 over just a two-month period have been recorded by a Newcastle furniture warehouse, as a result of fitting Stripdoor curtain doors to loading bay entrances.

The results exceed expected savings forecast in studies carried out for the firm, Fenwick, Killingworth, Newcastle-on-Tyne, both by the manufacturers of the gas heaters used, as well as by an independent consultancy, before the doors were fitted.

For the main loading dock entrance as an example, Fenwick reckoned that on average this was opened for a minimum of one hour every day. The gas heater suppliers calculated that the heat lost through this 20m² entrance during that hour would be between 268.4 and 1,208 kW, depending on weather conditions — representing at the then prevailing cost per therm, a loss of £1.08 to £4.85 per hour.

The firm of consultants worked independently on a more detailed annual calculation, using average temperature differentials over a 30-week heating season. They estimated an annual cost saving of about £510 if curtain doors were fitted.

However, charges for gas over a recent two-month period show a total saving of 2,600 units at a cost of £308 compared with the comparable period last year. Purchase and fitting of the doors gave a total cost of about £774. Meanwhile, loaders and vanmen are able to work in dock temperatures of around 57 degrees F compared with around 50 degrees F.

In Stripdoors, the strip used is extruded to finished width and is slightly curved in section — not cut from flat sheet. This eliminates any sharp edges and results in a more snug seal between overlapping strips.

More from Newman Industrial Controls, Upper Mills Industrial Estate, Stonehouse, Glos. Stonehouse (045 382) 3771.

GK TorBar

UPTO 18 METRES STRONG

888 (South Wales) Ltd, Castle Works, Cardiff. Tel: 0222-53035 Telex: 49316
(A member of GK's Hales & Bright Steel Ltd.)

TRANSPORT

Tortoise can go anywhere

DESIGNED MAINLY for surveying, forestry transport and land reclamation work, the Seiga Tortoise can cross almost any terrain including water, ice and mud.

Four balloon tyres support the vehicle. Made of polyester fibre/rubber, each tubeless tyre has 12 35mm deep treads. Tyre pressure is 1.7 to 2.2 psi, while ground pressure, with a 2-ton load, is less than 1.5 psi (only 0.6 psi when empty). Ground clearance is 2 feet.

The flat platform vehicle is 15 feet 1 inch long by 10 feet 2 inches wide, and is powered by an air cooled, 2 litre Lombardini diesel.

Steering is by a hand lever hydraulic system, with the rear wheels mounted on a turntable, actuated by two hydraulic rams. Turning circle is 31 feet 2 inches. Payload capacity ranges from 1 to 2 1/2 tons, depending on operating conditions.

Top speed over land is 10.6 mph, and 2.3 mph on water — fitting in an outboard motor will increase the sea speed, says the maker.

Joint tents for the Tortoise transport, which can be bought or hired, are Mackley Ace, Fantasy, Hants (0202 85541) and Robert Trillo, Brockenhurst, Hants. (05952 2220). It is built by A/S Seiga Harvester Co., Skov Thomas Alle 15, 1824 Copenhagen, Denmark.

MATERIALS

Packs and cups for foods

FOR GENERAL food applications, a high impact polystyrene packaging grade, designated Lutrex QE 480, has been launched by Monsanto, 10 Victoria Street, London SW1H 0NQ (01-223 5678).

Designed for such applications as cream and yoghurt containers, as well as vending cups, the material is claimed to incorporate essential properties for better food packaging industry — a high level of toughness and a high gloss capability.

The company says that with this improved balance of properties, the material simplifies production of tough containers with better rigidity, plus the required heat resistance for vended beverages.

What the new generation of computers means to the business world.

In plain language, a lot more management and financial information, faster and at a lot less cost.

The new generation of computers, developed by NCR at a cost of over £25 million, sets a standard for productivity and value for money.

Aptly named Criterion, they are a technological as well as commercial breakthrough.

'Datamation', a leading computer journal, said that Criterion "is possibly the most exciting computer announcement of the decade and shows what is possible using the latest technology in nearly every aspect of system design."

Criterion is a virtual machine so it has great flexibility and a broad range of usability. It reduces operating costs by providing the power of a large-scale system in a compact package, and is extraordinarily fast—up to 56 nano seconds processor cycle time.

It also offers virtual storage, making programming easier and more flexible. Modular growth without processor replacement. And greater on-line and multi-programming capability, enabling Criterion to do more jobs at the same time.

NCR have over 100,000 computer systems in use throughout the world. Criterion is their fifth generation of computers since they entered computers over 20 years ago. With the release of the NCR Century series, NCR became the first major mainframe manufacturer to make a commitment to complete upward compatibility of both hardware and software.

Now, with Criterion, NCR have fulfilled that promise. Century computer users can switch to the greater power and capability of the Criterion without expensive re-programming or extensive re-equipping with new peripherals.

A perfect example of NCR's promise that their systems are designed to grow with your business and with technology.

If you would like to know what this new generation can mean to your business telephone or write to Mike Croneen, NCR Limited, 206 Marylebone Road, London NW1 6LY. Phone: 01-723 7070.

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Computers & Terminals

NCR Criterion.
A lot more information, faster and at a lot less cost.

The Property Market

BY QUENTIN GUIRDHAM

Testing the City market for large units

Into a City of London market in which the large units are argued to now stand at a premium, Legal and General Assurance are introducing two buildings, totalling 160,000 square feet, with asking rents adding up to £2,150,000. Those who take the view that the quality of space, rather than exact location, is the main criteria these days, would bet on a letting first for the 85,000-square-foot St. Mary's Court blocks at St. Mary-at-Hill, London EC3. They could also argue that while the site overlooking Billingsgate Fish Market is hardly old City prime, it is reasonably close to the commodity markets and to Lloyds.

The more central building, however, is the assurance group's head office building at Temple Court, Queen Victoria Street, EC4, but then, even with an expensive refurbishment and new air-conditioning, this is a Fifties building and hardly an architectural masterpiece. L and G will remain in six floors and 75,000 square feet are to let. Space has been left for a large banking hall, should there still be clients around who use expensive City space as hall.

Agents Richard Ellis are involved on both blocks, being joint agents on Temple Court with Weatherall, Green and Smith and the sole agents on St.

Mary's Court. The rents being asked come out at £11.75 a square foot, total £1.1m. on St. Mary's and, taking just the office content, £15.24 a square foot on Temple Court, total £1.15m. a year, but that is ignoring 18,000 square feet of basement storage with some car parking.

Neither rent is exactly modest, but the City market has been persuaded that, however slack demand has been for anything but the best smaller units, there is an impending dearth of 50,000 square foot-plus blocks. With the big U.S. banks mostly settled, the other foreign bankers are looked at as potential clients, plus, inevitably, the insurance sector. Of the around half-dozen larger units on or coming on the market, Legal and General is in the unusual position of having two of the key letting situations on the market this year. (The Post Office pension funds also have a funding interest in part of St. Mary's Court.)

If the top end of the market is looking stronger, then the demand from users to buy their own small units continues. Ellis has again been involved in one of these sales, acting for the Peter Minet Trust in selling the freehold of 13 Austin Friars, EC2 to P. S. Refson, bankers, for around £800,000. The building is 7,640 square feet with a listed frontage (the Minets had been occupiers or owners of the premises since 1783 and re-built in 1875). Daxton and Partners represented Refson.

Three other lettings announced in the City this week have been Bank of Nigeria's taking of 30,000 square feet of the Provident Life Association block at 245, Bishopsgate, where something close to £225,000 was obtained (Dron and Wright and

Richard Saunders acting for Provident Life and St. Quentin's for the bank); Tros. R. Miller and Son (Insurance) has taken 13,000 square feet in Curator House, Leadenhall Street (Bernard Thorpe and Partners acting for the institutional owners); and Equity Capital for industry rent on 3,000 square feet in Leith House, Gresham Street was given as £9.54 a square foot by Knight Frank and Rutley, acting for City of London Real Property, with St. Quentin's acting for ECL.

Shore: more talk, but no promises

The speech by Peter Shore, the Environment Secretary, in Bristol on Wednesday has already come in for stick from those who say that, if you want to do something about inner cities, more talk is unnecessary, and from those who say he is trying to turn the clock back to a time of high density urban areas, something which is neither desirable nor possible. Still, in monitoring the thoughts of Government, the speech provides a few more clues to likely property decisions.

He said his first objective, before housing, schools and the like, was improving local economies. He emphasised help for small companies and noted the theory that industrial companies were the only ones to worry about. "Many of them will be firms in the service sector which has a large contribution to make to inner city employment, but some of them should be industrial firms."

How to do this? Shore did not

specify much, but did call for a fresh approach by local authorities "to land use decisions, and to making available suitable cheap premises for small businesses."

In most of the areas concerned, the inner parts of Glasgow, Tyne-Wear, West Yorkshire, Greater Manchester, Merseyside, the West Midlands and London, the authorities are already looking at how to provide cheap space. What Shore added on the subject of how they should do this was his proposal to establish partnership arrangements between central Government and the authorities concerned. "I would not rule out the possibility of local authorities wishing it, of an agency working with local government, perhaps undertaking specific tasks like industrial development or a major piece of redevelopment."

So the Environment Secretary is saying that central Government, as well as local authority funds will be needed to provide the infrastructure and buildings to attract profitable businesses back to the cities. The trouble, as he admitted, was where the money would come from. "There is, I regret to say, no extra money available waiting to be earmarked for inner cities. So for the next few years any extra expenditure will have to come from within the totals of public expenditure which we have already set."

Redirecting central government funds will be hard enough, and getting local authority agreements to reallocate and redistribute within the present budgets harder still. So private sector industry, and developers, probably need not worry much about subsidised competition for a while.

The main point for them is that Shore has provided them with plenty of ammunition for contesting planning hold-ups. "We are only just beginning to appreciate that too many jobs were lost through the buying-up of small firms in the course of redevelopment, firms which just

disappeared. It is now apparent that our planning policies should be more sensitive to industrial and employment requirements." Those who in the past have tried and failed to get planning consents for significant industrial and commercial projects, and have seen the projects abandoned as a result, will have more ammunition on their side if the economy picks up and expansion plans return.

What they have not got yet is any formal change of policy, and one thing they won't be getting is a complete reversal of regional policy. "In the Midlands and the South, we must accept the prior needs of the Assisted Areas," said Shore.

OUT AND ABOUT

Acting on behalf of the Receiver to Industrial Building Developments, agents Jordan, Impey, Charlton and Co. has sold a partially completed factory of 25,000 square feet at Huntington Industrial Estate, Aclington, to Staxex International, who propose to complete the building to their own specifications. The sale price was £70,000. Jordan, Impey, Charlton has also let a 28,000 square feet former car showroom and store at Southmoor Road, Wythenshawe to Habitat Designs which will use 12,000 square feet as a retail store. Starting rent is close to £30,000.

Agents Strutt and Parker have issued a preview of the year. Among their forecasts are: "For commercial property: 'With the new allocations of money being made available to the major institutional investors the imbalance of supply and demand will keep yields at or about 6 per cent for the best propositions. We do not foresee any improvement in the overall level of rents until such time as the economy improves, but that when this happens there will be a sharp rise.' For farm land: No

change in investment market during MLR's rise and fall, and the continuing level of demand continues to depress yields." The yields Strutt's put at currently 4 1/2 per cent, for farms sold on a lease-back geared to full market rent, but down to 2 or 3 1/2 per cent for let estates where existing rents are low.

Having moved to their new centre at Camden Town, the Kinu Edward's Hospital Fund, through Hillier Parker May and Rowden, have let the entire office of 19,000 square feet on the first, second and third floors at 24/25 Nuford Place, London, W.1, on a long lease subject to review. The rent originally quoted was £90,000 per annum exclusive. The tenants, McCormick Richards Partners (advertising agents) formerly of Bedford Row, were represented by Douglas Good and Partners who have been instructed to submit the first floor of about 6,000 square feet. The created profit rent has now been sold to the landlords, Property Holding and Investment Trust. The landlords were represented by Norman Hirschfeld Ryde and Browne while Hillier Parker May and Rowden and Frank Swain acted for the Fund.

Two London hotel deals handled by Druce and Co., on instructions from Norfolk Capital Hotels it has sold the Shaftesbury, Monmouth St., W.C.2 (193 bedrooms) to a private company for £737,500, and for a Channel Island client has sold the Hobbs, Hammonds and Huttons Hotels, in Belgrave Rd., S.W.1 (total 162 bedrooms) for £580,000.

Kane Developments of Coleshill, Birmingham, have started a £11m. development of Fordhouse Road, Wolverhampton, with potential factory space of 140,000 square feet. Construction will start soon on a 45,000-square-foot factory for Federal Electric, and Squire's Steel, a subsidiary of Jeavons-Cooper, have submitted plans for a factory extension on the site of 12,500 square feet.



The Brighton office market has been slack, and there are several schemes built up to the 10,000 sq. ft. ODP limit waiting for tenants. Some are not too well located, but the local authority might eventually rescue them with its present option to any further office developments. This building, however, is in the right place, at 39, Old Steine, and has now following completion last July. Said to have once been a stable block for the Pavilion Hotel, the building was used as a car showroom before being bought by Bovis, which has done an extensive conversion, including getting in an extra floor what was the showroom space, producing 5,375 sq. ft. of office plus some basement. Asking terms were £25,000 a year as Bovis say they got close to this from their tenants, a firm-chartered patent agents. On the office space the figure probably a bit over £4 a sq. ft., and while there are plenty asking rents in Brighton in the £4-£5 a sq. ft. range, there has not been many lettings achieving this. Bovis will now look to sell the investment. Its joint letting agents were Graves & Pflcher, of Brighton, and Richard Ellis.

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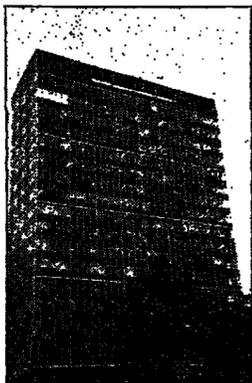
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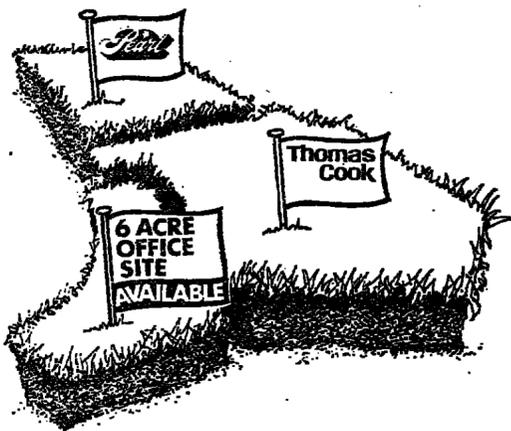
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Pay restraint plea by Callaghan

BY IVOR OWEN, PARLIAMENTARY STAFF

FAILURE To reach agreement on a third phase of the voluntary incomes policy will lead to a "vastly increased rate of inflation," the Prime Minister warned in the Commons yesterday.

Under criticism questioning from both sides of the House, he underlined the importance which the Government attaches to bridging the current negotiations with the TUC to a successful conclusion.

Tory MPs openly scoffed when Mr. Callaghan argued that without a continuing policy of incomes restraint, the "gains of the past couple of years" would be thrown away.

With obvious relish, Mr. Nicholas Fairbairn, (C. Kinross and West Perthshire) claimed that in view of the recent revelations, some of which MPs regarded as trivial, there should be a debate in the House on the proper method of preparing the Honours List and the conduct of central government at the highest level.

Mr. Michael Foot, Leader of the House, seemed well prepared for such a request and, had no difficulty in brushing it aside. "We are not going to have a debate on that next week, as we are not even going to write a poem about it," he said amid laughter.

This comment referred to Mr. Fairbairn's excursion into competition with the poet laureate and his Silver Jubilee hymn which, he claims, is superior to that written by Sir John Betjeman.

In a written question, Mr. Doug Hoyle (Lab. Nelson and Colne) asked Mr. Foot if he would move to set up a Select Committee to inquire into the patronage of the Prime Minister's office, particularly in relation to the Honours List.

Mr. Foot replied "No."



Mr. Callaghan... warned against impatience.

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This brought Mr. Callaghan's admission that trade union leaders were going to have an extremely difficult time this year in winning the support of their members for continued restraint. But he insisted, it was an "inevitable policy," and one that must succeed.

He also agreed that there was an inevitable link between wages and prices, but asked that account should be taken of the fact that commodity prices and import prices were largely outside the Government's control.

Within these limits, he assured Mr. Atkinson, the Government would do everything possible to ensure that profit margins were not excessive and that price increases were kept under control.

Mr. David Steel, the Liberal leader, urged that the introduction of profit-sharing schemes in industry would do more to increase productivity and promote harmony than the implementation of the Bullock report on workers' directors.

Mr. Steel replied that this was one of the matters which could be considered in discussions which Mr. Denis Healey, the Chancellor, would be having with both sides of industry.

The Prime Minister repudiated a charge by Mr. Nicholas Ridley (C. Cirencester and Tewkesbury) that Labour had benefited the party which believed that a high rate of unemployment was the way to keep wages down.

Inflation was still the major enemy, and unless it was controlled, unemployment would reach even higher levels, Mr. Callaghan said.

In an attempt to cool tempers and head off opposition, Mr. Foot gave a hint that the Government was prepared to consider an amendment that was not necessarily wedded to

Government survives constitutional challenge to referendum plan

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT met with bitter opposition from all sides of the Commons last night when MPs started to debate the proposal to hold a referendum in Scotland and Wales on the devolution of powers.

There was a dangerous moment for the Government when Mr. Maurice Macmillan (C. Farnham) raised a point of order protesting that the Government's attempt to insert the referendum clause at this stage of the Bill was clearly an attempt to sidestep the constitutional principle of the referendum.

He argued that, in effect, the House would be surrendering its sovereignty and allowing the electorate, in other words, to be asked to accept amendments which entailed the holding of a referendum on legislation.

To the alarm of Mr. Michael Foot, Leader of the House, his argument immediately gained support throughout the chamber. One of the few MPs to speak up in support of the Government's position was Mr. Edward Heath (C. Sidcup), the former Tory Prime Minister.

In an attempt to cool tempers and head off opposition, Mr. Foot gave a hint that the Government was prepared to consider an amendment that was not necessarily wedded to

holding a mandatory referendum, rather than a consultative one, on the Bill.

"We would take into account any representation made to the House or any amendment which would make the referendum we are proposing consultative rather than mandatory. Then, indeed, we would have removed one obstacle, at least," he declared.

Sensing the strong feeling of concern in the chamber about the implications of the procedure adopted by the Government, Mr. Francis Pym, shadow Leader of the House, moved that the proceedings should be adjourned so that the Speaker could give further consideration to the major constitutional points involved in Mr. Macmillan's point of order.

He disagreed that the Referendum Act of 1975, which allowed the people to have their say on the Common Market, had changed the situation. He pointed out that this had only introduced a consultative, non-binding referendum and not a mandatory one, as was being proposed in the present case.

"You are creating a new precedent and altering the whole status of Acts of Parliament. It is one which the House will come to regret in the future," he declared.

But Mr. Oscar Murton, chairman of the committee, told him that the Government's decision to bring forward the referendum in

the form of a new clause to the Bill was in order. There were protests of "No, no," as he said the passing of the 1975 Act meant the Government was going to constitutional practice.

In addition, said Mr. Murton, the main purpose of the Bill was to create authorities in Scotland and Wales which would be concurrent with Parliament. Thus, the authorising of a referendum was now germane to the scope of the Bill.

Mr. Pym was not satisfied with this ruling and Mr. John Mendelson (Lab. Penistone) saw danger of a Swiss situation where referenda were continual ly held. To cheer up encouragement from all sides he added that it would be possible at any moment for the Executive to introduce, for reasons of their own, another authority for the purpose of overriding the responsibility of the House.

From his seat below the gangway, Mr. Heath said he agreed with the chairman's ruling "What concerns me more than anything else is that we, as a nation, are becoming ossified."

"We have long prided ourselves that we have had greater flexibility than any other nation. This is a new situation. I see nothing wrong with this procedure at all. It is the proper way of the House to take a decision on every aspect of it."

Quoting Erskine May, the authority on Parliamentary procedure, he said amendments that were subject to a referendum had been ruled out of order in the past because they entailed changes in the legislative procedure which were contrary to constitutional practice.

This had been embodied in rulings made by previous Speakers of the Commons in the case of the Government of Ireland Bill, 1920, and the Representation of the People Bill, 1917.

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Honours debate refused by Foot

BY IVOR OWEN.

REVERBERATIONS from the tremors touched off by the disclosures made by Mr. Joe Haines, former Downing Street Press secretary, about the role of Lady Falkender in Sir Harold Wilson's "kitchen Cabinet" reached the floor of the Commons for the first time yesterday.

With obvious relish, Mr. Nicholas Fairbairn, (C. Kinross and West Perthshire) claimed that in view of the recent revelations, some of which MPs regarded as trivial, there should be a debate in the House on the proper method of preparing the Honours List and the conduct of central government at the highest level.

Mr. Michael Foot, Leader of the House, seemed well prepared for such a request and, had no difficulty in brushing it aside. "We are not going to have a debate on that next week, as we are not even going to write a poem about it," he said amid laughter.

This comment referred to Mr. Fairbairn's excursion into competition with the poet laureate and his Silver Jubilee hymn which, he claims, is superior to that written by Sir John Betjeman.

In a written question, Mr. Doug Hoyle (Lab. Nelson and Colne) asked Mr. Foot if he would move to set up a Select Committee to inquire into the patronage of the Prime Minister's office, particularly in relation to the Honours List.

Mr. Foot replied "No."

Mr. Foot replied "No."

Exchange rate challenge

A DIRECT challenge from Sir Geoffrey Howe, shadow Chancellor, on the Government's approach to exchange rate policy was met by a stone-walling response from the Prime Minister in the Commons yesterday.

In the course of question time exchanges, Sir Geoffrey asked: "Do you acknowledge that one factor keeping prices up would be any attempt to hold the exchange rate down? Such a policy, if pursued, would have the effect of keeping interest rates up."

"Are the authorities now deliberately intervening to hold the exchange rate down? If so, what is the objective in view, and for how long?" Sir Geoffrey asked.

Mr. Callaghan replied that it was not the custom to discuss exchange rate policy "in that kind of detail."

Amid cheers from the Labour benches, he added: "Whatever the Opposition may feel about giving signals to people in the City, it is certainly not my desire to do so."

Earlier, Mr. Kenneth Baker (C. Marylebone) invited the Prime Minister to comment on the present policy of the Bank of England, which seemed to be to keep interest rates high.

Mason urges Ulster parties to seek agreement

MR. ROY MASON, Northern Ireland Secretary, told the Commons yesterday that he did not rule out interim arrangements for partial devolution in Ulster provided these involved some real power.

Reporting on his talks with stressed in his meetings that the IRA element active in this area including the use of the SAS and more police power."

Mr. Mason told MPs he had stressed in his meetings that the IRA element active in this area including the use of the SAS and more police power."

Mr. James Dunn, Under Secretary, Northern Ireland, told him that in the last three months there had been four assassinations and 11 attempted assassinations in the area.

Mr. Ross declared: "This is a deplorable situation. Will you give an undertaking to take every step necessary to destroy the IRA element active in this area including the use of the SAS and more police power."

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Rabies law changes planned

NEW MEASURES to combat the threat of rabies entering Britain were announced in the Commons last night.

Mr. Gavin Strang, Under-Secretary, said that new measures would be in the form of an amending order to the 1973 Rabies (Importation of Dog Cats and Other Mammals) Order.

The changes will ban any animals boarding vessels carrying animals from abroad, and more precisely the security conditions and circumstances under which foreign animals must be confined on board vessels, to make more clear the responsibility for ensuring an appropriate level of security.

The police will also have powers now given to veterinary inspectors to seize and destroy illegal landed animals.

The amending Order will be put before Parliament as soon as possible.

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Labour MPs likely to resist leadership election change

BY RICHARD EVANS, LOBBY EDITOR

LABOUR MPs are to be urged next week to maintain the right to elect their own leader, no matter what the conclusion is reached by the special committee set up by the Labour Party's national executive to investigate new procedures for electing a party leader.

A decision, which seems certain to be approved by the Parliamentary Labour Party next Tuesday, will make it more difficult for the NEC to push through any new procedures giving greatly increased power to representatives of the constituency parties and possibly to the annual conference.

Mr. Nicholas Ridley (Con. Cirencester and Tewkesbury). What are the estimates for gross domestic product at market prices and at factor cost in 1975-76 and 1976-77?

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SAS troops demand

TROOPS of the Special Air Service should be sent into Londonderry to deal with the rising tide of assassinations and attempted assassinations, Mr. William Ross (UUU, Londonderry) said in the Commons yesterday.

Mr. James Dunn, Under Secretary, Northern Ireland, told him that in the last three months there had been four assassinations and 11 attempted assassinations in the area.

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LEGAL NOTICES

No. 00313 of 1977. In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of JACK FOWLER & SON LIMITED and in the Matter of the Companies Act, 1948.

No. 00314 of 1977. In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of SLIM MILLER CENTER PRIZES LIMITED and in the Matter of the Companies Act, 1948.

No. 00315 of 1977. In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of ADDISON BRIDGE MOTORS LIMITED and in the Matter of the Companies Act, 1948.

No. 00316 of 1977. In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of ADDISON BRIDGE MOTORS LIMITED and in the Matter of the Companies Act, 1948.

SNOW REPORTS

Table with 2 columns: Depth State (cm/s) and Weather (P/S/G/S). Rows include Andromeda, Fife, Isola, La Plagne, Nidaros, St. Anton, and Tignes.

TRANSPORT

Mr. Peter Fry (Con. Wellesbourne). How much the Secretary of State estimates that funds available for road maintenance will be cut in 1977-78?

Welsh spending

THE CASH limit on the Welsh Department is to be increased by £100,000 to meet unavoidable additional expenditure for the repair of historic buildings and the enhancement of outstanding conservation areas.

COMPANY NOTICES

PEGASUS INTERNATIONAL S.A. Corporation registered and existing under the laws of Panama. Presently making arrangements for its first liquidation.

The Management Page

until last year the Bradford headquarters of the world's biggest wool textile concern was run by two brothers from the South of France. Now inherited by a film star's ex-wife, the group is being reorganised. Rhys David reports

Illingworth Morris changes gear

THESE HAS been a lot of competition in recent years for the management of the most difficult task in British textiles. But few people can have been confronted with quite the range of complexities that have faced Mr. Ivan Hill, chairman of Illingworth Morris, the Bradford wool textile group which is the world's biggest wool textile concern.



Mr. Ivan Hill, chairman of Illingworth, Morris

Mr. Hill is the man who was brought back to the group last year to pilot through much needed structural changes. This involved a number of years of careful control management by controlling shareholders, Mr. Ostrer and his brother, both of whom lived in the South of France and died in three months of each other just over a year ago.

U.K. wool textile production centres, and the pace of acquisition has continued in the 1970s. Woolcombers, which accounts for almost half Yorkshire's production of tops (combed wool for spinning) was acquired in 1972 and, with the expenditure of considerable management effort and time, has been successfully turned round and made profitable.

across the Pennines into Lancashire cotton textiles, and purchased Joshua Hoyle, one of the leading U.K. manufacturers of indigo-dyed denim fabric, and into clothing.

As senior managers in the company now point out, every few years they have been faced with the task of sorting out the managerial and other problems of newly-acquired companies at a time when they should have been fully occupied planning the growth of the existing group.

A heavy debt burden is another legacy of this policy of acquisition. In order not to dilute their shareholdings, the Ostrers financed purchases by bank borrowing with the result that at times the company had been starved of the finance required to maintain as full a programme of investment as local managers would have wished.

task of putting into practice an updated version of his earlier proposals for streamlining the groups. "The vital talks have been to convert what was basically a rough association of companies into a co-ordinated enterprise and to achieve this a new top management structure has had to be devised," says Hill who stresses his intention, despite his age, of being more than merely a stop-gap chairman.

Four distinct but inter-related major activities of the business, plus three lesser activities, have been separated out as divisions and four group managing directors appointed to run them.

This approach means, Hill points out, that each managing director has roughly one quarter of the group's assets of around £50m. under his control—businesses which by themselves would be big by wool textile standards.



Wool on its way to the spinning machines at Illingworth Morris

With the new structure now sorted out the divisions will be responsible for seeing that the group's financial position is greatly improved. A considerable degree of decentralisation to individual units is being maintained. This is essential in a business which depends for its success in world markets on a wide variety of products, the reputation of its many different cloth names, and on an ability to meet the requirements of big and small customers.

Financial guidelines for each unit have, however, been tightened and the companies have been given strict ceilings for their borrowings, with a target of 15 per cent. return on capital after payment of all interest charges. Stocks are being standardised and rationalised without, it is hoped, endangering the variety of different yarns and special effects which can be offered.

At Salts of Seltaire, the model mill built by Sir Titus Salt in the mid 19th century on the outskirts of Bradford which now serves as group headquarters, there are plans to reduce the floor space used by around one-third from the present total of nearly 1m. square feet.

The process of rationalisation of fine worsted manufacture at Huddersfield has also already taken place, with production from four mills being concentrated in two. Similar moves in other parts of the business seem likely. Sale of property

and land currently surplus to requirements, including houses and in London and estates in Scotland, is expected to fetch £4m. and rationalisation will release further assets to be sold.

At the same time there is likely to be a withdrawal, when market conditions are right, from some activities outside the mainstream of the group's wool textile activities. The group's shareholdings in other Yorkshire long-term prospects of co-ordination with Illingworth Morris activities are thought to exist. The Ostrers' policy of acquisition has, however, been abandoned.

Stability In seeking to implement these policies, as senior directors admit, the group is faced with a race against time. Some stability in terms of management has now been provided by Mrs. Mason's evident willingness to allow the directors to get on with the running of the company and initial fears that taxation would force the sale of the inherited Ostrer shares have not been borne out. Mrs. Mason's own interest in the long-term future of the company has been confirmed by the move to Britain of her son, Morgan, who has recently been made a director.

Group awareness at Delta

BY SUE CAMERON

DELTA METAL has decided to restructure its senior management in an attempt to persuade various divisions to co-ordinate more closely and so give greater coherence to the group as a whole.

Mr. Tom Kinsey, who is now chairman of the brass rod and components divisions, will also take overall charge of the other two brass divisions—building products and Astoria.

there will be much more "headroom." It is hoped that the reorganisation will promote greater brass sections of the group. In the last few years the divisions have developed much closer relationships with the divisions manufacturing production components. But it is felt that the whole system could become far more streamlined if the various sectors were able to pool information and ideas on a broader scale.



Mr. Geoffrey Wilson, left, and Mr. Tom Kinsey.

different sites in the U.K. One of the tasks that both men will have to face is sorting out the Delta group's problem areas. The group admits that difficulties do exist in certain companies but it is not prepared to divulge any names. Even those companies which have proved most profitable will not be allowed to rest on their laurels.

reflection on existing divisional management, but he adds that in the past divisions tended to concentrate on their own profits without giving much thought to the position of the Delta group as a whole. He hopes the new structure will sharpen group awareness.

The first job of the new managing directors will be to learn more about the areas for which they were not formerly responsible. Mr. Kinsey says he plans to form a sub-group of his four divisional managers as a preliminary step to closer co-operation between the different sectors.

Delta claims that the chairman of its seven divisions are quite happy with the new management structure. Lord Caldecote says the reorganisation is not in any way a

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South Africans veer gently towards Ian Smith

BY QUENTIN PEEL in Johannesburg



Rhodesians on mounted patrol.

THE BREAKDOWN of the latest initiative for a settlement in Rhodesia has caused a hardening of white attitudes in neighbouring South Africa.

There is a political gulf too, spanned at Durban to handle the traffic. On the military side there is no formal agreement between the two countries, although links have existed in practice.

Military support

In March of last year, after Mozambique had imposed sanctions, the South African railway authorities declared that they could handle practically all Rhodesia's transferred traffic.

ally at a time of growing scepticism amongst Mr. Vorster's own supporters about the policy of detente with black Africa.

Even the granting of independence to the Transkei homelands for blacks last October is believed by many whites to have been a serious mistake.

The nuclear challenge

THE ANTI-NUCLEAR campaigners have become increasingly vocal, though not necessarily more numerous, in most of the world's industrial countries.

Popular vote A slightly different version of the same argument has been used in the U.K. to defer a decision on the expansion of Windscale to handle the re-processing of oxide fuel.

Candles Mr. Ralph Nader may feel that nuclear power should be stopped even if it means going back to candles, but most people are not likely to share this view—at least if the issues are put to them clearly.

Madrid makes it up with Moscow

THE RESTORATION of diplomatic links between Moscow and Madrid is another historic step towards the normalisation of Spain's international relations.

Compensation In today's circumstances there are obvious reasons for re-establishing formal links as a trade between the two countries has been expanding rapidly.

MEN AND MATTERS

From panel to planning James Cleminson widely tipped to succeed him.

Let them drink cyder Our recent item on British cowmen running a dairy farm in the Saudi desert has provoked voluminous correspondence.

animal husbandry in association with a company called Universal Livestock Services. The two formed in Farnkey Ltd., a Banbury based company which supplies the men and expertise to the three Saudi Sheikhs who own the desert dairy farm.



"Surely Jim hasn't taken over the responsibility for English soccer too?"

and hot climes... and cider vinegar?

Borbon Canon

The Canon of the world's largest shrine to the Virgin Mary, Rome's Santa Maria Maggiore, yesterday made his first official visit to the church in 54 years.

the magnificent Romanesque church, with heavy baroque overlay, is heavily decorated inside with gold brought back by Spaniards from the New World and the Kings of Spain have been honorary Canons of the church for centuries.

Drink me

Seen on the back of a battered old Volkswagen bus in Washington D.C. — "Van Ordinaire."

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FINANCIAL TIMES SURVEY

Friday February 11 1976

UNITED ARAB EMIRATES

Abu Dhabi

benign
force
in the
region

Robert Graham

ROLE OF Abu Dhabi in the Federation of the United Arab Emirates is crucial, only is it by far the richest of the seven emirates, bankrolling the central budget and the poorer states, but it is also the most populous with an official count of 1,100,000. More important still, Abu Dhabi's ruler is the man committed to the Federal Sheikh Zaid Bin Sultan Al Nahayyan has sought more than any else to mould this fissile group of States into a unitary, so that the UAE's six years' existence has acquired an air of solidity and reflection of these efforts. At the summer Sheikh Zaid's down the gauntlet, itening not to stand for a term as UAE president. He engaged his fellow rulers to le whether they wished the ration to continue as it was per commitments to greater ration — or whether they ed something more substan- He did not conceal his bling among individual s over unsettled borders

or their failure to make even token contributions to the Federal budget of which Abu Dhabi bears 97 per cent. The more cynical saw the challenge as merely a clever piece of brinkmanship by Sheikh Zaid designed to extend Abu Dhabi's influence. Abu Dhabi is after all the seat of the federal government, and the other rulers nurture a residual fear that Abu Dhabi one day will engulf them, or perhaps, more important, that their influence will be subordinated to an institutionalised federal power. But those who know Sheikh Zaid maintain he genuinely was seeking to push federation forward. The result of four months of intense cajoling was a compromise, but clearly Sheikh Zaid felt enough fresh commitments had been wrung from his colleagues to remain as UAE president. The most impressive of the new federal actions is the implementation of the merger of all the defence forces in the UAE under the operational command of a seconded Jordanian officer, Major General Awad Al Khalidi. This 30,000-strong force has been divided into three commands based in Abu Dhabi, Dubai and Ras al Khaimah, all wearing the same uniform and with a single pay structure. At the same time a freeze has been put on defence procurement which will now be carried out by a central body of the unified forces—thus ending the wasteful duplication of equipment like the two air defence systems of Rapier and Crotales, and also ending the gross over-equipment that took place in some instances. Defence will also become a federal expenditure. No one hides the fact that Abu Dhabi still has the biggest single contingent in the

Generous and responsible use of its great wealth has made Abu Dhabi the leader within the UAE and a major force in the Arab world at large. Its influence acts as a stabilising factor in a region characterised by hectic economic growth.

new federal uniform—almost 24,000 men. Abu Dhabi too will remain the principal paymaster. But a start has been made. It was also agreed at the end of last November that internal security should become a wholly federal affair. This includes the controversial issue of immigration. Furthermore information also has become a federal matter. Complementing these measures, the Councils of Ministers were reshuffled and reduced from 29 to 23. The composition reflects what one observer called the "one step forward, half a step back approach." Some technocrats have been brought in like the former ambassador to Washington, Mr. Said Al Gobash (who hopefully will tackle the total absence of any economic development planning, among the seven States). But the council mainly reflects the important ruling families and the need to keep a right proportional balance for the various States (eight from Abu Dhabi, five from Dubai, four from Ras al Khaimah).



Sheikh Zaid Bin Sultan Al Nahayyan.

There has been talk of proper contributions by the other States to the federal budget as an earnest of their intentions. This is going to be difficult in practice. Dubai with its growing oil revenue should contribute more, indeed no one knows how much

cause it helps close the gap between the wealthy in Abu Dhabi and the less fortunate in the small sheikhdoms like Ajman and Fujairah. Last year Abu Dhabi's official receipts from oil amounted to almost \$5bn. This substantial income—five times greater than the other sizeable producer in the UAE, Dubai—has helped the Emirates establish a niche for themselves in the Arab world. Now the frontline Arab States can no longer ignore the UAE in general and Abu Dhabi in particular. Direct grants and loans by Abu Dhabi, mostly to the frontline States, are running at \$800m. a year. Overall 29 per cent of Abu Dhabi's published oil receipts are disbursed on loans and grants within the UAE and abroad. No other State has such a record. Indeed there are those within Abu Dhabi who argue Sheikh Zaid is too generous and there is not enough gained in return. Rather funds should be set aside as a "pension" when the oil runs out. But partly out of temperament and partly out of calculation, Sheikh Zaid believes that generous aid giving is an essential part of Abu Dhabi policy. Broadly stated Abu Dhabi's aim is to be on good terms with everyone — except the communists. Sheikh Zaid has been instrumental in bringing about a "normalisation" of relations with the UAE's two most power-

ful neighbours, Iran and Saudi Arabia. The longstanding dispute with Saudi Arabia over the Buraimi oasis—the largest and most fertile oasis in the lower Arabian peninsula—was at the root of Saudi refusal to recognise the Emirates. The settlement of the Buraimi dispute in 1974 has never been published. Nor has a map been drawn up showing precisely where the new border with Saudi Arabia and Abu Dhabi lies. It is known that Abu Dhabi conceded a corridor at the north-eastern end providing Saudi access to the sea next to the Qatari border. It is also generally accepted that Saudi Arabia gave up its claims to Buraimi, but the issue is still a sensitive one because Saudi Arabia could in theory establish a border post in the corridor controlling access to Qatar (there is only the occasional border patrol at the moment). In addition Abu Dhabi has yet to resolve its border with Oman. At Buraimi there are three Omani villages almost inside the town of Al Ain (which incidentally is the traditional area associated with the ruling Al Nahayyan family.) Settlement Both Abu Dhabi and Saudi Arabia succeeded in upsetting Oman by discussing the Buraimi settlement without including Oman. Oman has now been brought into the picture. But in future this could prove an area of disagreement since all Abu Dhabi's sweet water is currently drawn from Al Ain and the surrounding mountains which are contiguous with Oman. In general, however, Abu Dhabi has sought to have close relations with Oman. Sheikh Zaid has been a strong sup- porter of Sultan Qaboos in his fight against the rebels in Dhofar Province, and in the past two years has provided some \$200m. in grants. The ending of the war in Dhofar has been a great relief to the UAE. The success of a Leftist-inspired rebellion there was viewed with concern. So long as the rebellion continued it posed the greatest single threat to the stability of the UAE. The biggest single problem in the Emirates now is immigration. In every Emirate there is an imbalance between nationals and immigrants. This imbalance is most evident in the two largest States, Abu Dhabi and Dubai—especially the former by virtue of its wealth. It is generally accepted, though there are no figures published, that Abu Dhabi nationals comprise less than 20 per cent of the total population. The population is growing at over 22 per cent. a year and the ratio of nationals to immigrants is widening. To take one example, the Government is studying proposals for a \$8bn. industrial development on a virgin site at Ruwais about 200 km. from Abu Dhabi. Part of this development will be a new town of 85,000 to service the projects. It is hard to see more than five per cent of this population being nationals. At present the entire labour force in the construction sector is imported from Baluchistan, Afghanistan and the Indian sub-continent. The police and army are made up mostly of Omanis with Pakistani and Arab officers and some British advisers. The burgeoning bureaucracy has clerks from the sub-continent and officials who are Pales-

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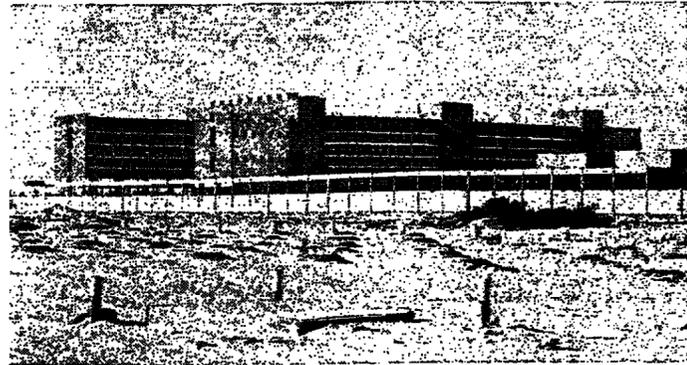
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ABU DHABI II

Booming economy needs stricter discipline



The Government is a major occupier of new buildings in Abu Dhabi.

States in the UAE. The most striking feature at present is the complete absence of coordination on any major project with other UAE members. One need only refer to the plans by Dubai for its new port at Jebel Ali and Abu Dhabi's own plans for Ruwais—creating four very substantial ports all within 400 km. of another service a total population which will have reached only 1.5m. in 10 years' time. Then of course there are the airports—new ones planned in Dubai and Abu Dhabi, to say nothing of the existing ones there and in Ras al Khaimah and Sharjah.

But one can argue that these are political status symbols reflecting the individual nature of the States in the UAE. Perhaps more importantly they reflect the essential frustration in the case of Abu Dhabi of having only limited possibilities of diversifying away from an oil based economy. The services will become more important. The banking sector in particular has mushroomed; but ultimately the population's size and the competition from neighbouring States limits such growth. Agriculture offers few possibilities. Experiments have been carried out on Sadiyat island (which produces 450 tons of vegetables) and now at Al Ain; yet even on a subsidised basis agriculture is an uphill task—high soil temperatures, wind erosion and lack of water are formidable barriers. To this has to be added a fast increasing consumer orientated population. Not now but in the future the viability of agriculture—and the State's lavish use of water—will come under close scrutiny.

The horizons for diversification, certainly in the short term, are further limited by the small number of technically qualified nationals. Access to education was very limited until the early 1960s and few Abu Dhabians hold degrees. Throughout the UAE there are only 9,842 students in preparatory and secondary schools, 210 in technical schools and a further 1,296 on bursaries abroad. Almost \$250,000 per head is being spent on education in the Emirates; but results will not be immediate and the dependence upon imported labour and foreign skills will remain.

Thus for the time being Abu Dhabi has little option but to husband its oil resources, which should carry the State comfortably for another 30 years, and to develop oil related industries, as outlined in the Arthur Little report. Unless inflation is allowed to get out of hand there should be sufficient surplus to put aside each year to ensure an adequate pension fund. This is now one of the main tasks of the newly created Investment Authority—investing cautiously against the day when the oil runs out.

Robert Graham

VIEWED CONVENTIONALLY much of what is being done today in Abu Dhabi is extravagant. Some of the projects are even highly questionable. But Abu Dhabi is no ordinary state, and conventional economic wisdom is not always applicable. In the past four years Abu Dhabi has acquired so much money from oil receipts in relation to the absorptive capacity of the economy and the size of the population that it is difficult to distinguish between the necessary, the extravagant and the questionable.

How for instance can one judge Sheikh Zaid's herculean efforts to afforest one of the most arid unfertile spots in the world? The trees are kept alive through an elaborate system of drip feeding at huge cost. There is no question of economic viability. Abu Dhabi can afford it.

Abu Dhabi along with Kuwait, Libya, Qatar and Saudi Arabia forms part of that exclusive group of States that have substantial oil surpluses, small populations, largely limited infrastructures, lack of skilled nationals and one principal resource—oil. Last year Abu Dhabi's publicly declared receipts from oil amounted to \$8bn. This year there will be a minimum five per cent rise in price terms with the overall receipt figure boosted by a production increase of around seven per cent. Meanwhile despite very generous foreign aid commitments, increased local budgetary expenditure and heavy underpinning of the federal budgets for the UAE, Abu Dhabi will still retain a surplus. Last year's budgetary surplus was \$1bn.

It is almost impossible to relate this wealth to per capita income. There are no figures for GNP. Besides even if such figures existed it would be important to distinguish between nationals and non-nationals, the former making up less than 20 per cent of the estimated 1,000 total population. Wealth has been such a recent phenomenon, moreover, that it has yet to filter through all levels of society. There is a fast process of income distribution through handouts of land, sleeping partner trading licences and cash grants but Abu Dhabi's wealth resides essentially within the ruling family and a select entourage.

Although oil underpins the whole economy and Government

distribution of oil income is the source of all activity, the oil sector is separate. So separate in fact that expenditure and investment in hydrocarbons does not figure in the budget. ADNOC, the State oil company, has its own largely self-financing budget, which is not published. The integration of the oil sector into the economy will only come gradually as ADNOC begins to implement a series of industrial projects using gas as a source of cheap energy and exploiting petroleum for a petrochemicals industry.

Proposals

The U.S. consultants Arthur D. Little have just handed over a set of proposals for the industrialisation of Ruwais, sited on the coast about 200km. west of Abu Dhabi near the crude loading facility at Jebel Dhanna island. This is the first attempt at comprehensive industrial planning within Abu Dhabi and the proposals consider projects to be implemented over the next 12 years or more.

Overall expenditure including infrastructure and housing for some 85,000 persons in a new town would be \$8bn. at 1977 prices. The essential elements in this scheme, apart from a new port and airport, would be a natural gas liquid plant, a 240,000 b/d refinery, an ammonia/urea plant with eventual capacity of 3,000 tons a day of each product, an iron and steel pelletisation plant with a 1.2m. ton capacity and a petrochemical complex.

These are only proposals and the Government will have to decide on the advisability of, say, the steel complex which requires a large workforce. Two proposals, the refinery and the oil plant are already agreed.

The development of Ruwais will create a third centre of activity; at present the economy centres exclusively on the two main inhabited areas—Abu Dhabi island and the neighbouring mainland, and the desert oasis of Al Ain, where the ruling family came from. Other scattered communities exist round the Liwa Oasis but these are tribes, increasingly settled, who traditionally migrated to the coast after the seasonal date harvest.

There is no sectorial breakdown available for GDP either in the UAE as a whole or Abu Dhabi in particular. But the direction of bank lending gives

the past two weeks to halt new recruitment. But to take a stiffer look at immigration will directly affect the economy. The massive economic development that has taken place in the past five years has been possible only with the large-scale importation of foreigners. Despite this nagging problem, Abu Dhabi society still has the harmony of being able to identify with its ruler and the strong tribal links that surround him. An essential element here is a pact sworn in 1928 between Sheikh Zaid with his three brothers not to indulge in fratricide—something which helps to explain the apparent tranquillity with which Sheikh Zaid's brother Shahk, but whom he deposed in 1966, is tolerated living in retirement at Al Ain. It is family matters and the accommodation of rival family interests which still dominate politics here. And the modern city of Abu Dhabi which has been created in less than seven years does not conceal the very conservative nature of society.

CONTINUED FROM PREVIOUS PAGE

tinians, Egyptians, Iraqis and Adenis. Commerce, though nominally owned by nationals, is run by Iranians, Indians and Pakistanis. Important government advisory jobs are staffed by Western expatriates.

The trouble is that Abu Dhabians have little stimulus to work. Access to the pot of honey is relatively easy. They also know that no one will complain in public about the high cost of housing or bad work conditions because the foreigners all have jobs or salaries they could not get elsewhere. But this is not the basis for a unified society and sooner or later Abu Dhabi and the rest of the Emirates will have to face up to the problem. Essentially, this is the price Abu Dhabi is paying for the privilege of being one of the wealthiest States in the world trying to build up an economic and administrative base from scratch. Both at the Federal level and within Abu Dhabi's own departments, decisions have been taken in

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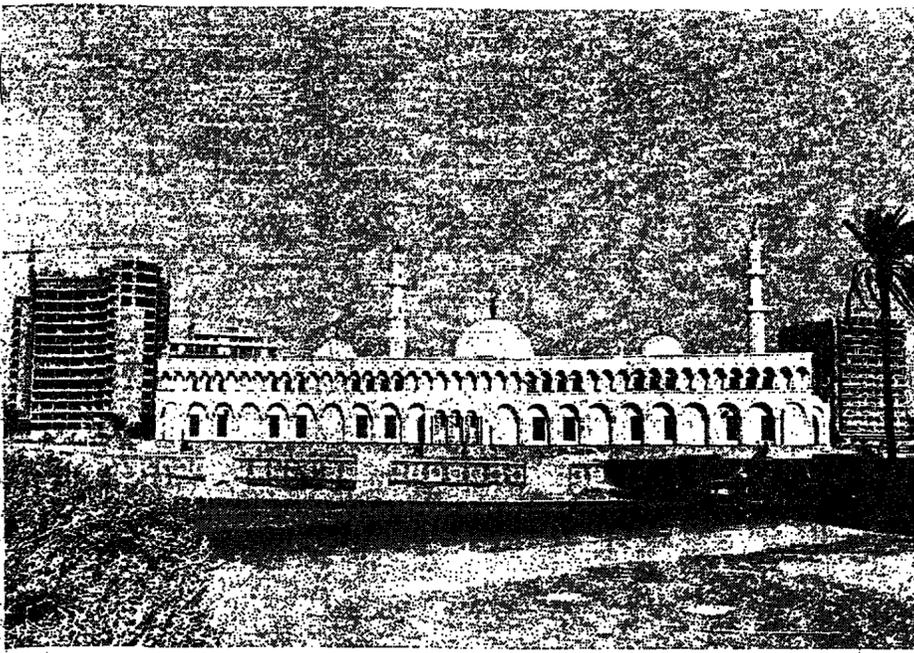
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Builders race against time

ABU DHABI, an old apartment built five years ago, is one built further than that, date back further than that, even now the planners have difficulty in keeping up with what is being built and where. Every project there is a sense of urgency, a desire to have it finished rather than in a year's time when it will be much more anyway.

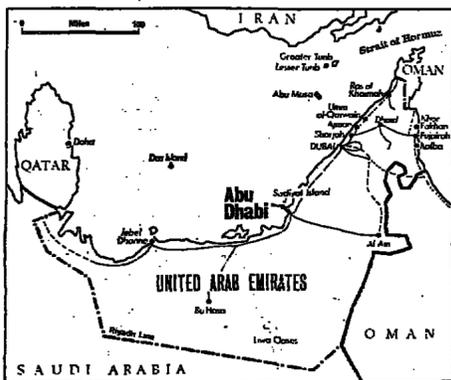
The major reason for this is the continuing necessity to cater for the growing population. It is estimated that the population is increasing by 30 per cent each year, occasionally by over 30 per cent. Projects are constantly being re-scheduled and increased; 20-year plans are squashed into six; and a whole city looks like one construction site.

Amid this race against time, problems arise due to the uncontrolled rate of development. Electricity and water cuts are a frequent occurrence in the hot summer months. Last year even affected the city's \$100-a-day hotels. There is often a six-month delay in connecting new apartment blocks to the essential services. Bills for the precious commodity of water are not sent by the city's water department, simply because there is never enough pressure in the pipes to make the meters work. Everything else in Abu Dhabi, this situation will be remedied in time.

The major part of the construction work in the Emirate is naturally generated by the government; experts in the city's planning department estimate that nearly Dh.34bn. (over \$5bn.) will be spent over the next three years, mainly in the city itself. Of this Dh.19.5bn. will be Government expenditure, the rest from the private sector. The development budget for 1977 alone is over Dh.5bn.

The largest Government project so far is the construction of a new harbour in Abu Dhabi, approved only in January. The work will be in addition to the work presently being carried out in Mina Zayed itself.

In the existing port there are only 12 deepwater berths in



operation, recently completed by the Lebanese/American consortium of CCG/Santa Fe. Sogex, another Lebanese company, is constructing all the warehouses and ancillary buildings. Shortly to go out for tender is the contract for the next five berths in the inner harbour, and still under consideration is a development for a further eight, bringing the possible total at Mina Zayed to 25 berths. Two of the new berths have been earmarked for container traffic, a relatively new development in the UAE.

Port

The new port is to be built on reclaimed land created by dredging the area alongside the existing 12 berths. It will consist of 24 berths, designed for general cargo, and will include container and roll-on roll-off facilities. Cost of the project is estimated at Dh.2.4bn. (£358m.). The construction contract has already been awarded to the South Korean company, Dong Ah. The South Koreans are believed to have won this contract against seven other tenderers, two of which were British companies in liaison with local and foreign firms.

The other major slice of the port work will come with the award of the dredging contract, which is roughly estimated to be

worth around Dh.500m. range. The contract will call for the dredging of 15m. cubic metres to create a water depth of 11.5 metres in the new port.

Local people have questioned whether Abu Dhabi really needs an additional 34 berths. Just 90 km. away, Sheikh Rashid of Dubai is engaged in expanding his existing port by a further 22 berths and embarking on a massive 74-berth development at Jebel Ali. However, as a city official explained, "The inflation you avoid by building now, rather than in five years' time, is much more than the interest you could accrue with your money."

The same thinking seems to prevail in Abu Dhabi's airport plans, for the local public works department is now at an advanced stage in the development of the Emirate's new Dh.1bn. airport. The existing airport on the island itself, completed only seven years ago, is to be closed.

The new complex is being designed by Aeropori de Paris, the designers of the Charles de Gaulle airport, and Abu Dhabi's is to be built on similar lines. The contract for the terminal building was recently awarded to the Japanese consortium of Takenaka Komuten. The next to be awarded is for

the runways, access road and the apron, and preliminary indications are that the work will go to the Cypriot concern, Joannou and Pareskavides. Like the contract for the terminal buildings, there were few offers put forward from British companies. Tenders were received from four European companies, and from Saudi Arabia, Kuwait and Egypt as well as Pakistan and an east European country. More and more Arab and Asian firms are appearing on the tender lists for the major projects, a preserve once held by the more experienced western contractors. Meanwhile British officials in Abu Dhabi are becoming increasingly concerned that not only are U.K. companies failing to win large contracts in the capital but are falling even to appear on the bid lists.

The next contract at the airport is for the electrical work, which has attracted 11 bids, and the last for the ancillary buildings, worth around Dh.250m., was recently put out to tender.

The major road project in the Emirate is the highway linking Abu Dhabi and the rest of the Emirates to Qatar. Following a recent agreement with Saudi Arabia, Abu Dhabi is to continue its work on the road through Saudi territory to the border post at Duwaghin. The road at present only runs to Sila. The contract for the last section leading to the border has been awarded to a Bangladeshi company for Dh.350m.; it is due to be completed by the end of this year.

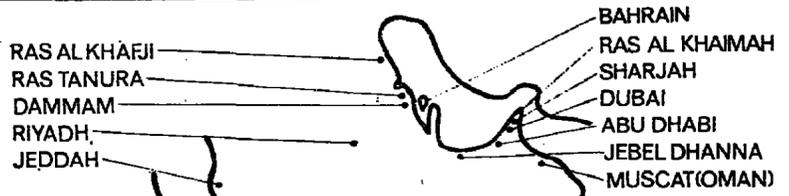
Expansion

Water and electrical installations are undergoing huge expansion to keep up with the increase in demand. By this autumn the department hope to provide 24 million gallons per day installed capacity. The future base for development is to be at Umm Al Nar, where two power stations and desalination plants are to be built.

Around Dh.2.3bn. is to be spent on the city's sewage network, and a 20-year plan is being squeezed into six years so that the service can keep up with the growth in population. A British consultant, John Taylor and Sons has been called in to manage the projects, which will include a further 150km. of pipes and a new plant at Mafray, on the mainland. The new sewage facility there is planned to handle 14.5m. gallons a day, and the water is to be recycled for irrigation use.

Day by day Abu Dhabi resembles more and more the capital it is supposed to be, a far cry from the one main street that it consisted of when the federation of Emirates was formed. The tree-lined streets are taking on a more organised air, and the city water department uses 1.5m. gallons of water a day, in an attempt to give the city a luxuriant green air. Never mind that a 1,000 gallons cost \$8 to produce—at the moment Abu Dhabi can afford such extravagances.

Kathleen Bishtawi



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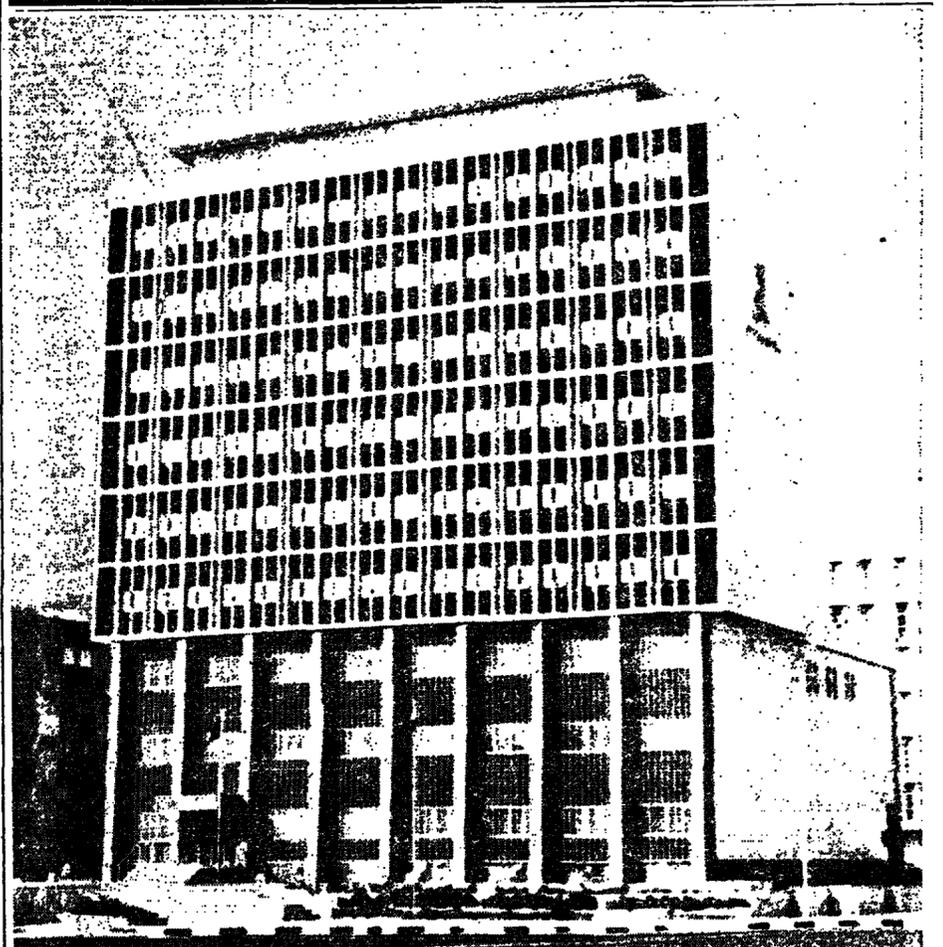
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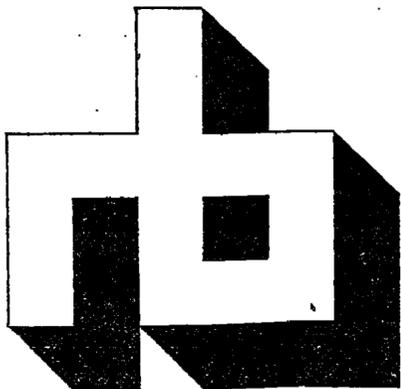
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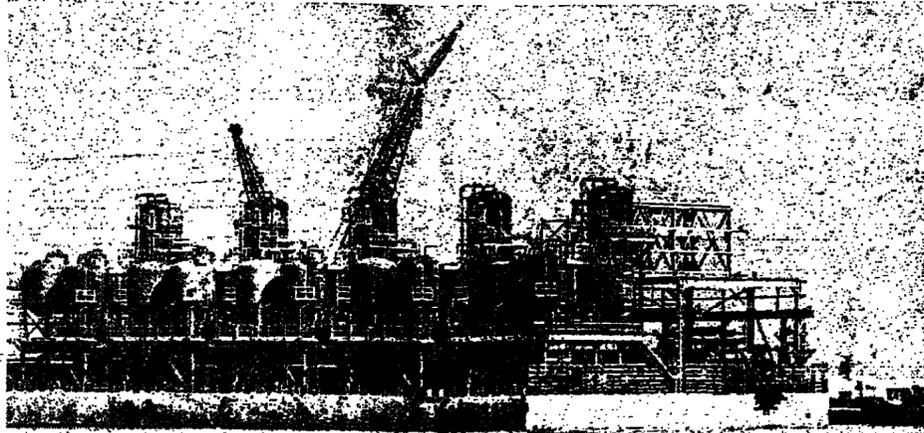
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ABU DHABI IV



Desalination plants like this one are an important source of fresh water.

Welfare state a high priority

THE ESTABLISHMENT of a federal welfare state encompassing free education, health and social assistance is one of the highest priorities of the central government. The rapid oil wealth and the development over the last five years has brought unforeseen problems in its wake, and the task of the welfare state is directed at helping UAE citizens cope, and administer the country's economy and political character in the future.

Education has been free and compulsory since the formation of the federation. Schooling has been brought within reach of the remotest parts of the country, the Emirate of Abu Dhabi is planning to spend Dirhams 144m. this year on new schools. Three more secondary schools costing Dh.54m., six intermediate and ten kindergartens are included in the Emirate's plans for 1977.

One of the most ambitious education projects is the establishment of the new university at Al Ain, an inland town 130 km. from Abu Dhabi city. This year will see the establishment of the first four faculties with an intake of 200 students, and long range plans include the creation of at least eight more

departments and facilities for 3,000 students. This year the departments will include faculties of commerce, science, fine arts and one for the training of women teachers. The initial staff will consist of 35 professors, most of whom are being recruited from the Arab countries. However, the Education Ministry recently established relations with St. Cross College in Oxford and negotiations are continuing concerning the advisory services on the establishment of an English department and other branches of the University. The medium language is to be Arabic.

In the 1975-76 school year, total student intake in the UAE at all levels of schooling was nearly 61,000, and of this Abu Dhabi represented over 18,000. Yet statistics from the Education Ministry continue to show disappointing ratios in the number of pupils opting to continue for higher education.

This is in spite of monetary encouragements extended by the Ministry to parents of UAE nationality. The payments increase with the child's age. Yet large numbers of pupils are dropping out after the statutory age of 12 years, and many of them are UAE nationals.

Figures for the present year show that there are 52,671 students in the primary schools, yet only 13,060 students in secondary schools. Much of this is due to young girls deciding to leave school for marriage, which is still considered by many the only acceptable role for women in society. Going on to higher levels, the statistics show that only 45 UAE nationals graduated from foreign universities last year, but that 1,236 students were studying at foreign institutions, mostly in the Arab countries. Britain still attracted 184 of those students, though the American universities are continuing their efforts to encourage UAE nationals to continue their education in the U.S.

Facility

A three-year national plan has been drawn up in the health service to increase the number of hospitals and clinics in the country. The UAE's health service is completely free. Officials estimate that the hospitals were handling around 187,000 out-patients a month, though in the urban areas, particularly, only about 10 per cent were UAE nationals.

UAE nationals are offered the facility of free treatment abroad, and last year the country's health service spent around Dh30m. on private doctors in London, sending over 600 patients. Now the Ministry is seeking an arrangement with Britain's National Health Service for a guaranteed supply of beds and treatment for chronic patients. Theoretically, it is only the chronically ill who are allowed this facility overseas, though the Health Ministry in Abu Dhabi has noticed a considerable upsurge in patients during the summer months. For not only does the UAE national get free treatment but also a daily allowance of £20 for himself and another £20 for any servant or companion they might bring.

There are still gaps in the facilities that the UAE's health service provides and this is why the traffic to London continues. However, there are hopes that facilities for neuro-surgery, radiotherapy and cardiovascular surgery will be provided by further recruitment of foreign staff and the development of the service's infrastructure. The UAE health service pays over £1,600 plus allowances, free accommodation and travel, for foreign specialist consultants.

Abu Dhabi itself is to gain two major general hospitals over the next two years with the completion of two 320-bed units which are being constructed on a turnkey basis by the German company, Pollenack and Zoellner. Opening this month is a 110-bed hospital for women which is to be managed by the British company, Allied Medical. The old government hospital in Abu Dhabi is to be extended by another 300 beds, and Al Ain is to gain a new turnkey hospital of 510 beds.

Earlier this year, the infant Ministry of Social Affairs was merged with the Ministry of Labour. Social research is still in its early days in the UAE, for social workers in the country are still assessing the needs of the citizens and the problems which arise from the rapid acquirement of wealth. Nevertheless the Ministry still hands out monthly salaries to those people not caught up in the race for development and they are classified into eight categories including the disabled, widowed, orphans, deserted women, divorced women and spinsters of over 40 years. One of the curious effects of the oil boom is an increase in the number of UAE spinsters, for dowries for local girls have soared, and many of the young men are opting for foreign wives instead. Overcoming such unexpected problems has yet to be studied by the Ministry.

Kathleen Bishtawi

Government finance

THROUGHOUT THE Lower formal agreement binding Gulf the true nature of government finances is a carefully guarded secret. This is perhaps an inevitable consequence of an unevolved economy where the state's income has traditionally been inseparable from that of the ruler. It is also a consequence of the traditional rivalries between the ruling families. No one has wanted others to know the real extent of their wealth.

This situation is changing and the UAE Currency Board is gleaming more and more information, especially on Abu Dhabi, which suggests there is a move towards greater disclosure. But if Abu Dhabi is more open the same cannot be said about Dubai. The Currency Board in its last bulletin on oil receipts twice in footnotes comments "no similar data are available for Dubai."

Abu Dhabi depends for 96 per cent of its income upon oil receipts and royalties. The remainder consists of a minimal 0.1 per cent from customs duties and the rest in interest from dividends. Last year total revenues amounted to Dh19.3bn., equivalent to \$5.06bn., of which oil receipts accounted for \$4.72bn. according to the Currency Board. However, this understates revenues substantially, perhaps by as much as 25 per cent.

Secondly, the figures published by the Currency Board on Abu Dhabi Government oil receipts state that these represent the total after deducting the Ruler's share. This stems from the fact that the old oil company agreements were with the Ruler personally and not with the Government as such. It is believed that approximately 7 per cent of the receipts from foreign companies in ADPC and ADMA go to the royal diwan. This covers the expenses of the royal household and also constitutes the Ruler's private purse—much of which is used in acts of assistance (separate from Sheikh Zaid's extraordinarily generous public grants and capital payments).

Structure

If these two factors are taken into account and the state's financial structure were to be formalised, actual receipts would be much higher, about \$8.5bn. last year. As it is, Abu Dhabi's financial structure is now under scrutiny. There is a feeling among some officials that there is a need to institutionalise—especially to establish a framework to distinguish between Abu Dhabi's own funds and those with which it underpins the whole UAE.

At present the chief instrument is the Finance Department. This has been acting both as a collector of oil receipts, treasurer and disburser—a sort of glorified accountant. There appears to be no

receipts from the main operators, ADPC and ADMA, are received monthly. The Finance Department also holds all the funds to cover the Abu Dhabi budget, foreign aid and its contribution to the Federal budget. At the end of the year any surplus is now paid over to the newly created Investment Authority (established in March 1976). In particular unspent funds committed to the Federal budget are retained and form part of the surplus.

In the past, and until the establishment of the Investment Authority, the Finance Department also had formal responsibility for Abu Dhabi's reserves. This is now the responsibility of the Investment Authority who have yet to decide whether to publish a figure for reserves—believed to be over \$4.5bn. Under consideration is a move to broaden considerably the scope of the Investment Authority, downgrading in some respects the Finance Department—or rather with the increased complexity of the economy complementing the latter's work. It has been suggested for instance that oil receipts go straight to the Investment Authority who in turn provide the Finance Department with funds to cover the current account. It has also been suggested that the Investment Authority assumes the Finance Department's role in providing Abu Dhabi's funding of the Currency Board.

In practice such formalisation of roles may not make much difference since the same facts will often appear under different hats. Nevertheless it does indicate that Abu Dhabi is now coming round to the need for a more rational organisation of its financial structure.

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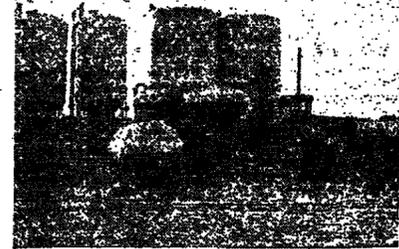
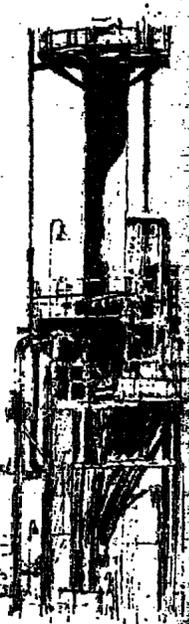


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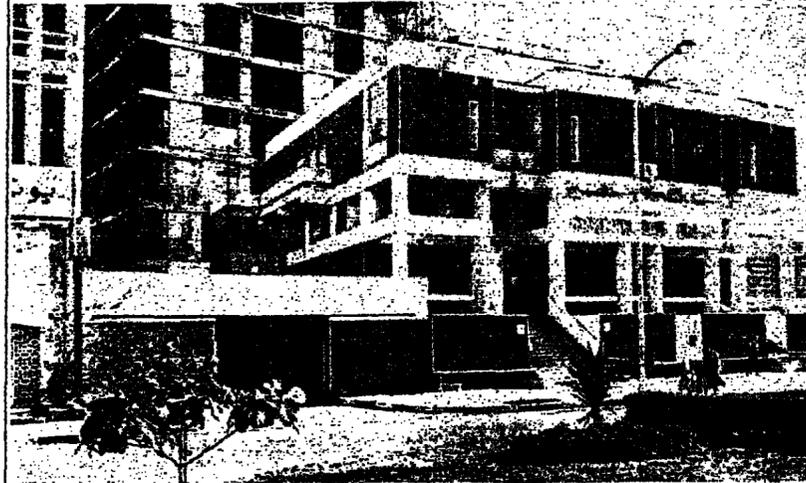
BALANCE SHEET AT 30th SEPTEMBER 1976

ASSETS

Cash on hand and at call with banks	DH. 63,665,370
Deposits with banks	55,500,000
Investment at cost	125,000
Medium-term loans to customers	8,250,000
Loans and advances to customers and other accounts	124,018,890
Fixed assets	1,030,664
	DH. 252,589,924

LIABILITIES

Shareholders' capital	
Issued and fully-paid—280,000 shares of Dh. 100 each	28,000,000
Profit and loss account	901,097
Current, deposit and other accounts	223,688,827
	DH. 252,589,924



The UAE Currency Board strictly controls the number of foreign banks operating in Abu Dhabi.

Firmer line over foreign banks

THE UNITED Arab Emirates has more banks per head of population than any other country in the world. In a country with only 658,000 inhabitants, there are 32 licensed commercial banks, with 416 branches, and there is a range of other financial institutions. Abu Dhabi has 40 of the commercial banks with 123 branches, six of the restricted licence banks, both the money brokers, six of the nine representative offices, one of the six brokers and investment dealers, the UAE Development Bank, one of the two view of finance companies and neither of the merchant banks (which are both in Dubai).

Twelve of the commercial banks in Abu Dhabi are locally incorporated. The others include British Bank of the Middle East, Chartered Bank, Grindlays Bank, Citibank, First Chicago, Barclays International, Toronto Dominion, Algemene Bank, Paribas and Lebanese, Egyptian, other Arab, Iranian and Pakistani banks.

This welter of statistics reflects the very liberal approach by the authorities to the banking sector in the past. However, the central monetary authority, the UAE Currency Board, has been taking a much firmer line over the past year or so. No more banks, foreign or local, will be allowed before April 1978 as a result of a two-year moratorium imposed last year, and the managing director of the Currency Board, Ronald Scott, hopes the ban will continue after that.

The moratorium was originally imposed for two years in May 1975, but was lifted in April last year to allow in Lloyds Bank International (which at the time was playing a big role in arranging finance for Dubai's aluminium project) and the national banks of Sudan, Qatar, Oman and Bahrain. For this reason, several bankers in Abu Dhabi feel that the Currency Board might have to relent if the UAE Government decided further foreign Arab or locally incorporated banks should be granted licences.

Further controls on the banks may be on the way. Along with other Gulf central monetary bodies the Currency Board is examining the question of capital/deposits and investment ratios with a view to restricting credit and damping down inflationary pressures.

Some of the smaller banks are reported to have liabilities/capital ratios of 60:1 or higher, compared with the 25:1 or so that large banks would regard as sound. This is only one aspect of the saturation of the banking sector. The most important point is that the bulk of the deposits in the system reside with seven or eight large banks, leaving the rest scrambling around for the crumbs. One local bank considers the newer arrivals among the foreign banks must be finding it hard to attract deposits, while local banks, with good contacts through local shareholders, find it much easier. Competition for deposits has led to one or two banks offering incentive rates in order to attract funds.

The number of banks also means that local commercial banks are unlikely ever to become very big as they have done in, say, Kuwait. Nevertheless, this has not in the past deterred leading local merchant families from sponsoring three or four banks or looking for fresh investments in the banking sector. After construction and property, merchants seem to have preferred banks to investment in industry or other sectors.

Total assets of the commercial banks in the UAE have expanded beyond recognition since the end of 1973 from Dh.3.8bn. and Dh.8.9bn. at the end of 1974 to Dh.14.6bn. at the end of 1975 and Dh.21.7bn. by September 1976. Though foreign assets also expanded—from Dh.7.2bn. at the end of 1975 to Dh.10.0bn. at the end of September 1976—the proportion in the total fell, indicating a higher volume being erected towards local use. In Abu Dhabi, foreign assets grew from Dh.1.3bn. at the end of 1973 to Dh.5.3bn. at the end of 1975 and Dh.7.5bn. by September, 1976.

In a place where building seems to be in progress on every available plot of land and where imported goods are in evidence everywhere, it is not surprising that nearly 80 per cent of bank lending in Abu Dhabi is for construction and trade, with the proportion for the former rising. In December, 1973, bank credit for construction accounted for 30 per cent of the total; trade for 40.7 per cent. By September, 1976, construction accounted for 42.3 per cent, and trade for 37 per cent. (of which 9 per cent was trade in construction materials).

However, there is still unsatisfied demand for credit because the structure of most bank deposits encourages cautious lending policies. The bulk of total deposits are in foreign currencies, and only about 3 per cent of time deposits are for over a year. This means the Currency Board has to act as a source of long-term finance, providing "re-account balances with the Board equivalent to not less than 5 per cent. of their deposit liabilities

ing, fixed at Dh.400m. so as not to add any further fuel to inflation. The problem of keeping this under control is reflected in the acceleration in the growth of money supply in the UAE in 1976. Money on the M1 definition increased by about 75 per cent, compared with 69 per cent. in 1975 and 58 per cent. in 1974.

Abu Dhabi is the centre of money market operations in the UAE, with two foreign exchange brokers established there, Emirates Brokers—in which James Capel and Company International and R. P. Martin hold interests—and Tullet and Riley (Middle East) Company.

However, in practice the UAE and Bahrain money markets operate as one, as last month's speculation against the dirham showed. This seems to have been sparked off by a weakening of the dirham as a result of the Abu Dhabi and Dubai governments' failure to provide the Currency Board with sufficient foreign exchange from their oil revenues. When the Board did obtain dollars and started selling to strengthen the dirham, a lot of banks continued buying dollars, ending up very short of dirhams and having to pay penalties to the Currency Board or other banks to get them by settlement day.

Bahraini offshore banks caught in the squeeze claimed the Currency Board's intervention in the market was unnecessarily harsh and that the development of an interbank market in dirhams has been set back severely. The Currency Board maintains the dirham interbank market is already back to normal in the UAE and if it is not in Bahrain it is not too worried because it considers there had been too much dealing in the dirham from Bahrain for the size of the currency.

How this affair will affect the development of the UAE as a financial centre has yet to be seen. Much depends on what kind of role the RLBs come to play, and perhaps which of the two Emirates Abu Dhabi and Dubai (with six RLBs each)

Moratorium

When the Board reimposed the moratorium in April 1976, it gave major international banks a let-out in the form of restricted licences, which allow all operations except domestic retail banking (dirham deposit-taking). So far 12 of these licences have been issued, but only one RLB (as they are called) is operating: Amex in Dubai. The other 11 should be open by the middle of the year. Only after this sector of the market has begun moving will the Currency Board, according to Mr. Scott, consider whether any further restricted licences should be granted.

Foreign banks also last year faced restrictions on the opening of new branches. The Currency Board will now consider an application from a foreign bank for a new office only for an emirate where it is not already represented. In addition, the Board decided last year to revoke approval of branches of foreign banks that had not been opened by the end of the year, a decision that caused some hasty moves to open offices by one or two banks in December.

A significant move in the regulation of the banking sector was the introduction in March last year of minimum cash reserve requirements for commercial banks. Since May banks have had to keep current account balances with the Board equivalent to not less than 5 per cent. of their deposit liabilities

Squeeze

Another area the dirham squeeze might affect is moves towards a Gulf currency. The Bahrain Monetary Authority has already said the affair is the difficulties that will be involved in such a step. One think the political difficulties will be too great to overcome for a long time, even if there are no technical reasons why UAE, Bahrain, Qatar, Kuwait cannot use one currency.

What the dirham squeeze illustrates is the dependence of the whole banking system in UAE on government support (in particular, Abu Dhabi cause of its far greater revenue than Dubai) for foreign exchange requirements which are at a constantly high level because of the volume of imports and the number of expatriates working in the emirates.

Peter F...

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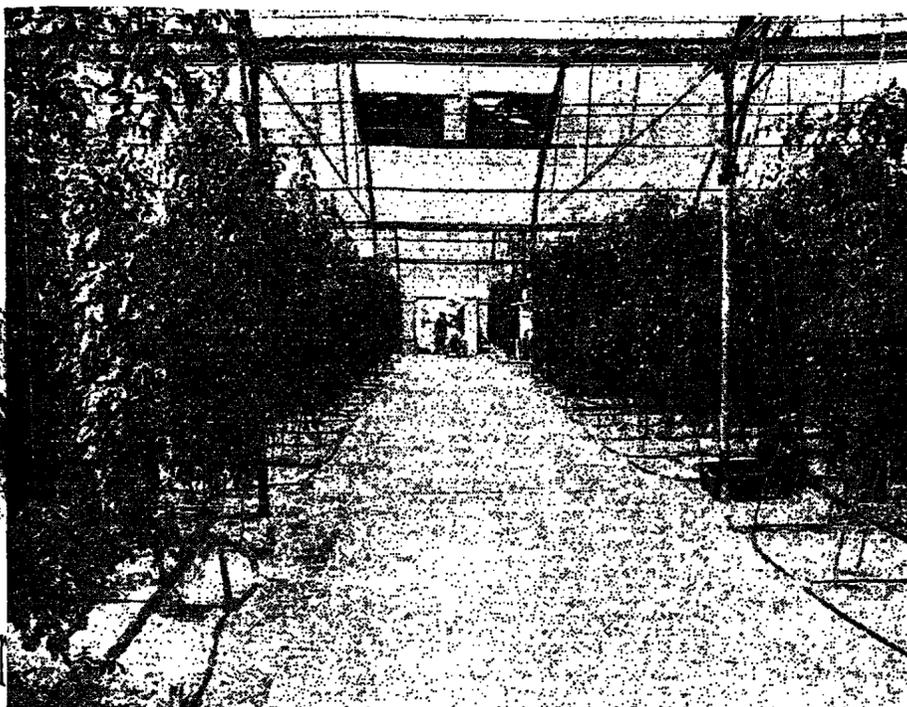
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ABU DHABI VII



Abu Dhabi spends a great deal on experimental agriculture in the Gulf, like this farm on Sadayat Island.

Generous foreign aid programme

INFORMATION ON Abu Dhabi's foreign aid programme is relatively easy to come by, generous by any standards, as a proportion of national income it is probably the best in the world. Officials in Abu Dhabi are happy to talk about it. Information on the state's commercial investment abroad is more difficult to get. Apart from the natural reluctance of an investor to reveal his hand, Abu Dhabi also recently fears criticism in the West (despite the very generous level of its aid, for, say, not giving a few million more to a particular country when many times that is spent on Wall Street.

Participation

These would be additional to participations the Abu Dhabi and UAE Governments have already taken in a whole range of regional institutions, some of which can be classified as aid institutions (the Islamic Development Bank, Arab Monetary Fund) and others as commercial (the United Arab Shipbuilding Company, Arab Shipbuilding and Repair Yard, Gulf International Bank).

departments, each with its own head: bonds and equities, property and special projects, Arab and local investment and finance and administration. Advice is provided by a number of foreign banks, some of whom have men permanently in Abu Dhabi. These include Robert Fleming and Company (for London and the far East), the Crown Agents (for London and other areas), Morgan Guaranty and White Weld (the U.S.) and the Union of Swiss Banks (Europe).

The investment Authority has a board, chaired by Abu Dhabi's own Prince and an executive committee with six or seven members including John Butter, Emiratis Director of Finance. The authority has four

How much will be added to Abu Dhabi's investments this year is difficult to estimate at present because items are being transferred from the Abu Dhabi budget to the union budget and a few details of either have yet been released. But on paper it looks as if Abu Dhabi, assuming it has to pay for almost the entire UAE budget again, will have very little, if any, surplus left, even allowing for increased oil income as a result of the latest 5 per cent. price increase. The preliminary figure announced for the UAE budget is Dh.15.5bn.; the total for the Abu Dhabi development budget is Dh.5.5bn.

At present, the Authority probably has about \$4.5bn. on its books — made up of some \$2.5bn. already invested, \$1bn. in cash and a further \$1bn. remaining unspent from the 1976 Abu Dhabi budget. In order of importance, the investment portfolios are distributed among equities (mostly on Wall Street but also in Europe) bonds (mostly double and triple A corporate issues concentrated in the U.S. and Eurobonds) and property. The latter is relatively small and the biggest slice of it is still the 44 per cent. £36m. stake bought in the Commercial Union building in the City of London in 1974. For equities, Wall Street is favoured because the market there is wider than in other centres and more can be bought and sold at a time without affecting the market.

Dhabi's record of aid-giving—whether through the IMF oil facility, the World Bank, other international bodies, OPEC, joint Arab funds or facilities, or on its own account—has been exceptionally generous. The UAE Currency Board in an article to be published in its bulletin has estimated that Abu Dhabi's grants, loans, and participations, local and foreign, last year totalled Dh.5.9bn., Dh.1bn. more than 1975 and Dh.2.8bn. more than in 1974. For at least the second year running, more was given as aid than was actually budgeted for.

Some 75 per cent. of Abu Dhabi's aid is estimated to go to the frontline Arab States—Egypt, Syria, Jordan and the Palestine Liberation Organisation—but exact details are difficult to obtain. A further difficulty arises from the fact that some foreign aid has come out of Abu Dhabi's own development budget (projects in Oman and North Yemen), while some "local" grants and loans (for example, to Sharjah) would be regarded as foreign aid by any other country.



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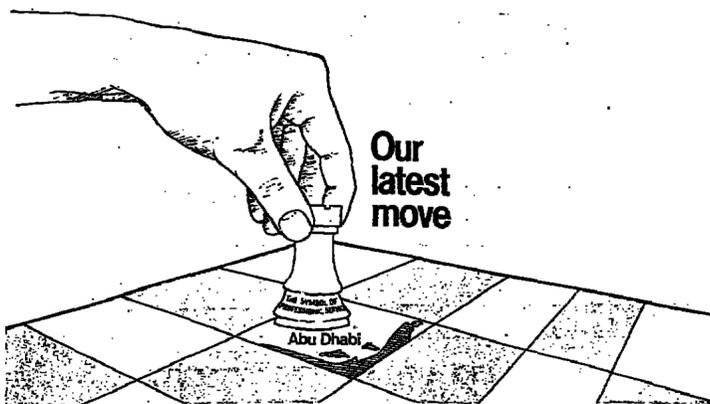
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ABU DHABI VIII

Clear import pattern emerging

THE VIRTUAL absence of manufacturing industry and agriculture in Abu Dhabi means almost everything has to be imported. But although foreign suppliers have had a bonanza since 1973, saturation point may have been reached for the time being in the quantity of machinery, equipment, food and consumer durables that the economy of Abu Dhabi is able to absorb. At least, that is what the import figures for the first half of 1976 suggest.

Total overseas purchases reached Dh.1.97bn., only 10 per cent more than the Dh.1.79bn. registered in the first half of 1975 and much less in real terms if inflation is taken into account. This virtual halt in the expansion of the market follows a phenomenal rise in imports from only Dh.353m. in 1970 (when Britain's share was 41.2 per cent.) to Dh.1.02bn. in 1973, Dh.2.27bn. in 1974 (a leap of 123 per cent. in the wake of the new wealth being generated by quadrupled oil prices) and Dh.3.79bn. in 1975 (a rise of 67 per cent.). By then Britain's slice of the Abu Dhabi cake had shrunk to 21.5 per cent., compared with the U.S.'s 17.7 per cent., West Germany's 11.8 per cent., Japan's 10.0 per cent. and France's 7.2 per cent.

Britain's lead was whittled down still further in the first half of last year, and the American share of the market was also reduced, as the Japanese made big inroads into the emirate. Britain's sales in this period dropped significantly in absolute terms by 16 per cent. from Dh.420m. to Dh.361m., reducing its share of the total to 18.3 per cent. The U.S. raised its exports from Dh.279m. to Dh.294m., but its share dropped slightly to 14.5 per cent. The Japanese, meanwhile, stepped up their sales from Dh.215m. to Dh.268m., overtaking West Germany, and expanding their share of the market to 13.4 per cent.

Although Abu Dhabi buys

from 85 or more countries, the vast bulk of its imports emanates from Western Europe (52 per cent. in the first half of 1976), the U.S. and Japan. There is very little trade with other Arab states. Kuwait is the emirate's biggest Arab supplier with a first half total last year of only Dh.62m., most of which was accounted for by distillate fuels. Jordan and Lebanon provide Abu Dhabi mainly with fruit.

The composition of Abu Dhabi's imports clearly reflects its development needs. Like other oil-exporting states since 1973, the emirate is going through an orgy of construction, as the skyline of Abu Dhabi city testifies. The equipment and materials needed for all the offices, apartments, roads, schools, hospitals and other infrastructural developments all have to be imported, as does the often highly technical and expensive equipment for oilfields and oil-related industries.

Demands

At the same time, the influx of vast numbers of expatriates and an increasing standard of living for most UAE nationals demands much higher levels of food and consumer goods imports than previously, as well as a broadening of the range of goods being brought in. All this is reflected in the trade statistics out of total imports of Dh.1.97bn. in the first half of last year, no less than Dh.1.05bn. worth was machinery and transport equipment. Manufactured goods accounted for Dh.440m. and miscellaneous manufactured articles Dh.131m. Food and live animals made up another Dh.124m.

Each of the major exporters to Abu Dhabi has its particular niche in the market: Britain; construction machinery, tele-

communications equipment, turbines, food, drink (especially Scotch and gin) and cigarettes (Dh.12m. worth of these in the first half of last year); the U.S.; equipment and materials for the oil industry, construction machinery and cars; Japan; cement, iron and steel (in which it has the market almost cornered) and, inevitably, cars, lorries, trucks, cameras and sound equipment; and West Germany; lorries and trucks, electric power machinery, boilers and turbines.

Japanese cars are everywhere in Abu Dhabi, but because of their relative cheapness in the first half of last year, at Dh.27m., Japan's lead over the makers of more expensive models—the U.S. (Dh.19.4m.) and West Germany (Dh.16.9m.)—was not as great as it would seem from a casual count on the streets of Abu Dhabi city.

The Japanese, Americans and Germans have between them got all sectors of the car market sewn up and it is difficult to see how British Leyland will be able to make any impact, especially as, nearly a year after coming off the Arab Boycott list, it is still deciding on who to appoint as its agents in the UAE. In any case, even if it did get the orders, there would still be doubts about its ability to deliver, as the vast unsatisfied demand for Land Rovers and Range Rovers in the UAE and the Gulf generally over the past few years suggests.

Failure to deliver on time has become a much more general characteristic of British exporters to Abu Dhabi over the past three or four months, according to buyers in the emirate. On top of this and the fall in British exports to the emirate last year is the failure of British companies to win any large contracts in Abu Dhabi over the past three or four months. A more general

reason for pessimism about prospects for British exports to the emirate is that, as the historical links with Britain recede into the past and a new generation of UAE nationals rises to positions of authority without the same feeling towards Britain as their predecessors, there will be less natural inclination for Abu Dhabians to do business with Britain.

Legislation

The Americans, too, have their worries. The biggest one is the impact of legislative moves in the U.S. to counter the Arab boycott of Israel. The existing legislation is enough to put many American companies off trying to win business in the Arab world, but the threat of much more severe sanctions being imposed this year, perhaps including criminal penalties, is proving enough to deter all but the U.S. companies with many years of experience in the Arab world. The result in Abu Dhabi is that some big contracts are being awarded without any major American companies having tendered.

Another U.S. law that seems to be hitting that country's overseas business is the new tax law which has at least doubled the tax bill of the American working abroad, as well as hit his allowances—a crucial part of an expatriate's income in a place such as Abu Dhabi where basic living costs are so high. As a result, American firms are finding it hard to get personnel to work abroad (some are looking to Europeans to fill the gap) and presumably this could soon have an impact on the volume of American business done with Abu Dhabi.

All this leaves the Japanese

in an enviable position. They are already the leading exporters to Dubai which imports about twice as much as Abu Dhabi and in the first six months of 1976 they were only just ahead of remaining from Britain in position as leading exporter; the two emirates combined, position they carried out themselves between 1972 and 1974.

In the first half of last year Japan's exports to Abu Dhabi and Dubai totalled Dh.1.14bn., marginally below Britain's Dh.1.132bn. In addition, Japanese are pushing hard to improve their sales performance still more. A top-level business delegation, headed by the chairman of Nippon Shoji and including fifty or so equally illustrious industrial and trading names, was scheduled to visit the UAE over the week.

For the potential impact into Abu Dhabi, a local agent or some form of local representation is essential. A potent importer wanting to sell in the private sector in Abu Dhabi (and to most government departments) must go through a local trading company, sponsored by or owned by an Abu Dhabi citizen. The law is finding an agent distributor with a good reputation and market ability who is not already representing a rival company. Importers will also face a common problem in the oil-exporting states of getting their goods into the congested ports, which handles a lot of Abu Dhabi's imports as well as other entrepot trade, a present subject to waiting time for unloading. Dubai is about 60 days, Abu Dhabi about half that.

Wealth attracts an immigrant problem

THE SINGLE most influential factor that will determine not only the future of the UAE but many other Gulf States as well, is population. The Arab oil world has always been secretive about population statistics. Few if any are ever published, and census polls are rarely taken.

The United Arab Emirates had its first census just two years ago, and though the general estimated totals have been published, precious little else has. The ethnic make-up of the community, the varying incomes and needs of the many components of it, have been kept confidential. In the words of a Government official, anything to do with the population is "classified."

In view of the lack of figures available on the subject, the proportion of nationals to foreigners can only be estimated; however, informed sources believe that UAE citizens constitute less than 20 per cent. of the present population. In Abu Dhabi this situation is less notable than in Dubai where there are large populations of Asians, beginning to group together in growing shanty towns. Abu Dhabi, however, is the capital of the UAE.

and to run its mammoth bureaucracy and its projects it has imported large numbers of skilled Arab administrators, hence the more Arab character of the community.

Planning experts in the Abu Dhabi Government estimate that in order to enact the three-year plan which is presently being finalised, the Emirate will need to import approximately 183,000 more people. The present population of the Emirate is 210,000, and thus this new influx will almost double the present total—and more significantly lower the ratio of nationals to non-nationals to even lower levels. Of this total of required labour, it is thought that about 64 per cent. will be unskilled workers and the other 36 per cent. skilled labour, technicians and administrators.

Very few of this required labour force will be generated by the birth rate of the nationals, for although the population of Abu Dhabi is estimated to increase by 22 per cent. every year, only 3.8 per cent. are from births of UAE nationals. The figures for the first six months of 1976 show that the number of hospital births of nationals in Abu Dhabi

city was 739, while of non-nationals 1,153. Nor does this reflect the exact number of births to families, for many choose to go abroad to have their children. Add to these figures the continuing flow of Egyptians, Palestinians, Jordanians, Yemenis and the exploding Asian populations, and it is easy to see why the situation is causing considerable concern to the central government. Already, birth control is forbidden to UAE nationals, and now there is serious consideration being given to halting the growth in the size of the bureaucracy and ending illegal immigration.

Discrepancy

Already the discrepancy between non-nationals and nationals can be clearly seen in the use of the country's social services. The Health Ministry estimates that in some urban areas such as Abu Dhabi and Dubai, the proportion of patients who are nationals is as low as 10 per cent. In the rural remote Emirates it is naturally higher. However, it is nationals who are entitled to expensive local builders, though

non-treatment abroad, a which was used by hundreds of nationals last year. The field of education of the nationals in the primary level schools was high, stituting almost 75 per cent. the intake, but at the secondary level it is only a quarter of total number of students. The most sensitive issue on the population problem of housing. There already been grumbles in the National Council that when foreign expert receives accommodation immediately upon arrival in the UAE, local citizens are being made wait while the schemes provide low-cost housing finished.

However, the most noticeable influx into the country is unskilled labourers from Asian countries. It is difficult to say how many of the 40 labourers currently working in Abu Dhabi's construction industry are in fact legal immigrants brought in on visas arranged by building contractors. Permits to import labour from the higher. However, it is nationals who are still being given

CONTINUED ON NEXT PAGE

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ABU DHABI IX

Soaring tower blocks and soaring rents

A recent meeting in Dubai by four nations involved in the projected Gulf currency union, the central banks decided that more than half of inflation being suffered in the region was locally generated. All agree that rents are most influential factor in fueling an inflation rate which in some States is verging on 40 per cent. per annum. The seven year old city of Abu Dhabi is certainly no exception, this island metropolis is enjoying rocketing rents. An Abu Dhabi apartment is often as expensive as a room at the hotel, and indeed several foreign companies and embassies in the past taken up residence in the hotel.

Local sources say that there are approximately 500 tower blocks either planned or under construction in Abu Dhabi city. Yet with the inflation increasing by over 40 per cent. a year, supply has to keep up with demand. An apartment is never empty a day that the water and electricity is connected — and it is occupied well before one day for property development forms the major part of credit in Abu Dhabi. So the market that several banks act as property agents, finding not only the finance for the tenants as well. One of ways a newcomer finds an apartment (apart from driving and looking for them) is to put his name on the bank's waiting lists.

The National Bank of Abu Dhabi alone has financed 270 flats worth DH850m., and other commitments are over 55m. All land in Abu Dhabi is restricted to ownership by nationals, and to secure a loan a citizen need only provide 10 per cent. of the construction

cost. From then on, the contractor and consultant are chosen in consultation between the banks and the landlord, the banks undertake to provide tenants for the finished building. This system has led to abuses in the past and last year led to a corruption trial in Abu Dhabi which resulted in a number of people being imprisoned or deported. According to reports available at the time, the case involved allegations that a bank manager was providing finance to citizens on condition that they accepted certain consultants and contractors from whom he was receiving payment.

However, once a new building is completed, it will take three or four years before the bank's loan is repaid. Securing a new flat is a hazardous process, gambling goes on by the hour, and even when the cash is handed over and signatures put to documents, it could be the start of problems, for in Abu Dhabi there is no protection at all for the would-be tenant.

Improving

In general it can be said that building standards are improving in Abu Dhabi. Landlords are becoming more quality and design conscious in their choice and there are now some imaginative designs appearing round the city. In the past the construction contracts for such blocks have been largely in Arab hands, with often foreign Arab architects and a combination of local and foreign contractors in joint ventures. Now that building standards are improving (bred by spirit of competition between the landlords), there seems to be more opportunities for the more experienced sophisticated western building companies. Another consideration is that many of the blocks are now over 15 storeys high, and rigid standards will need to be applied.

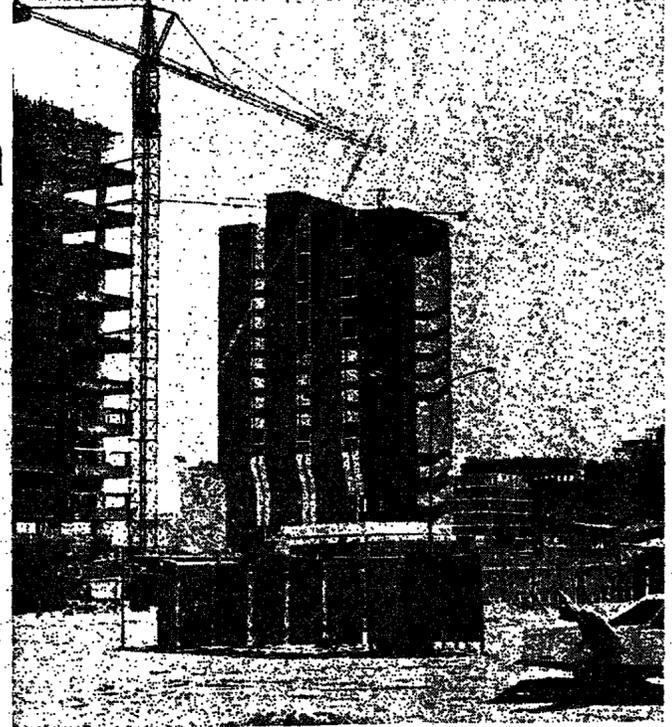
It is the oil companies in Abu Dhabi that have first view of the choicest flats. In the past they have proved popular tenants because of their willingness to take the whole building off the landlords' hands and provide any maintenance required. The oil companies are still absorbing two new blocks a week.

The second largest consumers of the new high rise tower blocks is the Government. As all land development and ownership is restricted to nationals of the UAE, many have come to regard their rents almost as a national wage. There seems little willingness by the Government at the moment to build large compounds where the foreign administrators of the bureaucracy can live, preferring instead to go to the commercial market.

However, in recent months there have been increasing mummings about the rental situation, for not every one receives a free house or a housing allowance. Among such people are UAE nationals who may be

working in Government departments, or other foreign but locally employed staff. Many commercial establishments do not provide accommodation or allowances either. As in other Gulf States, the whole question is becoming a hot political potato.

For the young UAE national, the prospect of a free low cost house is perhaps not far off, and there have even been suggestions that the Government subsidise such people in the meantime. As if in recognition of this problem, the Emirate of Abu Dhabi is embarking on a crash building programme to provide 10,000 new houses for nationals, 7,000 of which will be prefabricated. The housing development budget has risen four times for 1977, from DH104m. to DH458m. The question that remains is who will live in these houses, for by the time they are completed the greatest demand will most likely come from foreign Arab nationals. For as a city official remarked, "What UAE national hasn't got the 15 per cent. to get the finance to build his own building?" But for the moment, Abu Dhabi seems like a city full of people building a city.



tighter building standards are leading to greater opportunities for Western construction contractors.

Immigrants

CONTINUED FROM PREVIOUS PAGE

stry of Labour have always encouraged contractors to ring in Arabs rather than Asians and Pakistanis. However, as any builder will tell you, Arabs are more than the price of Asians, and to that, newly arrived workers are cheaper than those who are freely available for on the streets of Abu Dhabi.

Immigration contracts are tied up with India and Pakistan for half rates which are currently being paid for unskilled labour capital, and this has led to a sharp increase in the past. Many have seen into their burgeoning numbers and immigration also have a hard task keeping track of every immigrant, local construction company that if it required labour in a hurry, the usual practice is to send round a couple of men in the early morning and to get labourers from the streets. There's at least 100 squatters outside office now," he said.

Not only are greater efforts being made to plug the gaps in immigration control, but greater attention is being given by the Government to growing this bureaucracy. Earlier this month the Cabinet decided to halt all recruitments of civil servants for a period of three months. A committee has been set up to recommend new methods of regulating the growth of Government departments, and to assess their present performance. The Cabinet felt that Government ministries had not been strict enough when deciding their manpower requirements, and that there had been a certain amount of over-staffing. The number of Government employees was estimated last December at 24,000, an increase of 700 per cent. over 1973's figure.

With the UAE federal budget estimated this year to be in the region of Dh15.5bn., it is thought that a great many foreign bureaucrats will be needed to deal with this massive



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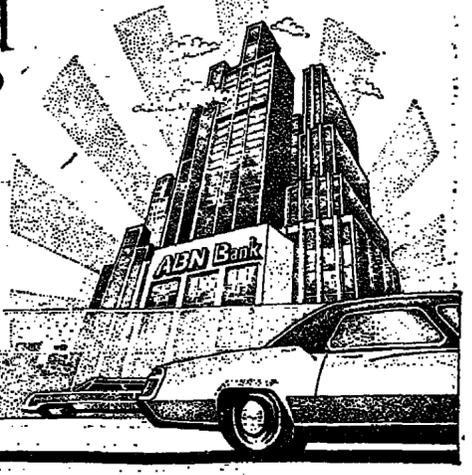
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A loosely-fitted Kitchen Cabinet

It is hard to know whether it ought to be sad, sickened, convulsed with cynical laughter over Mr. Joe Haines's veiled criticisms about the last days of Sir Harold Wilson in Downing Street. Probably all are. Sad because they confirm both by what they report and by the tone in which they are written, what most people of the political world could use at the time—namely that Harold lived and worked an emotional hotchpotch of the energy and warped judgment being brought to bear on our affairs. Sickened because the scenes described are so human and dignified and will surely confirm the general public in their contempt for politicians and the political class. Convulsed by the endearing ironies of the situation—least the fact that it should be the Daily Mirror, for most the Wilson years practically none of the "Kitchen Cabinet" which should have been from sympathetic disclosure.

strong enough argument to support proposals for changing the system? The answer to these questions lies, in the first place, in the answer to a prior question—"What are Kitchen Cabinets for?" Very few British Prime Ministers, and indeed very few rulers of any kind, have failed to go in for something of the sort. The cliché about the loneliness of the summit is perfectly true. There are many decisions that a ruler must take on his own responsibility, knowing that the interests of his subordinate colleagues are by no means necessarily the same as his. Where political matters are concerned, he cannot be quite sure that his permanent bureaucrats are not looking beyond his demise. So he needs someone to fill what is an intellectual vacuum, and to some extent an emotional one as well.

Loyalty

That someone must be independent enough to argue the pros and cons of a particular course of action, but must argue within the context of his master's interests and nothing else. He must be an extension—another half—of the ruler's mind, but yet be sufficiently distinct to provide the sympathy and consolation of another spirit. This role of confidant, vizier, confidential secretary, has been filled through history by all sorts of characters—by bishops, clowns, mistresses and homosexual companions, by nobles, by service chiefs who were used to running the war their own way.

peasable distinguishing feature is that its occupant's prime loyalty is to the ruler in person. What varies from time to time is (a) the number of people fulfilling this function (for it can be put into commission, as it were, providing the fundamental rule of primary loyalty is observed) and (b) the degree of exclusive reliance the ruler places on the advice and sympathy coming from that quarter. Some British Prime Ministers in recent times, like Chamberlain, Attlee and Mr. Harold Macmillan, have contented themselves with one such personal advisor and others, like Lord Home, with none at all. At the other extreme have been those such as Lloyd George, Mr. Heath and Sir Harold, who have created a small personal court within the Whitehall machine.

Forays

Mr. Heath seems to have felt a similar sense of embattled isolation. His social background and his initial desire to end consensual Butskellite policies set him apart both from the existing ideology of his own party and from Whitehall. His reaction was to set up a closely-knit coterie of advisers from whom he demanded complete loyalty, and attempted to conduct his operations by means of forays from behind this secure psychological stockade. Sir Harold, likewise, arrived in power with a deep sense of suspicion not only against a Conservative-minded bureaucracy but also against the Labour Party. Lacking Attlee's upper-middle class certainty and the authority Attlee gained in high office during the war-time coalition, Wilson took refuge from a treacherous world in the midst of a praetorian guard of trusted old associates.

advice or of seeing that his strategic writ runs in the outlying parts of the administration and party. One can argue that this is a welcome antidote to over-centralisation, and Executive tyranny, but on the whole I believe that it makes for more middle and incompetence with diminishing bureaucratic strangulation. I have therefore argued for years in favour of developments such as the "think tank" and the "policy unit" which enable the Prime Ministers to increase stock of advice and information and reduce his isolation.

Insecurity

The dreaded disease made its appearance in the incoming Prime Minister, Lloyd George and Heath Kitchen Cabinets and has been rampant at one stage or another in Sir Harold's. It is perfectly obvious (a) that Mr. Haines and Lady Falkender are re-acting against the prolonged and ferocious struggle for their Prime Minister's ear and (b) that the examples tend to prove it. In particular, whatever one may think of Lady Falkender and

Mr. Haines as happy home-birds, they are both, in their ways, remarkable characters of very considerable shrewdness and political intelligence—at any rate when they leave their tempers behind. Some of the other members of the Wilson entourage were not up to the same standard, particularly at the beginning, but by the end, there was nothing really wrong with the political brain-power at Wilson's disposal.

Brouhaha

Yet when all this is said, it is pointless to suppose that prime ministers are not going to have personal confidants, that much of their advice will not be highly political in the party sense as well as any other, and that their loyalty to their masters will not cause them to come into conflict from time to time with each other and the normal bureaucratic machine. They seem to me to be a normal and indeed essential part of political life. The moral of the present brouhaha is mainly that if trouble is to be minimised their existence needs to be recognised and that within the government machine, they should be given their financial and bureaucratic

advice," even in the widest sense of the term, is inappropriate. Part of Lady Falkender's trouble was that she never recognised this limitation. In the case of the Resignation Honours List, for instance, we do not quite know what happened. Lady Falkender informed the Sunday Times last May that "as far as I am aware no one in the political office has even seen an honours list before publication, and nor have I myself." Now Sir Harold tells us that he read out his list to her "which she added to the Transport House names for handing to the Principal Private Secretary at Number 10 as a consolidated list." This discrepancy does not inspire confidence that the two functions have not been muddled up.

To-day's Events

GENERAL Mr. Eric Varley, Industry Secretary, meets shop stewards at British Leyland's Longbridge plant, Birmingham. European Parliament ends five-day session, Luxembourg. Mr. Merlyn Rees, Home Secretary, speaks at annual dinner of Bradford Labour Party. Dr. Kurt Waldheim, UN Secretary-General ends Middle East tour. He then goes to Cyprus, where he is scheduled to meet President Makarios and Mr. Rauf Denktash, the Turkish-Cypriot leader, to-morrow. General Committee of European dialogue continues Tunis meeting, attended by EEC delegation.

Lloyd George, perennially short of cash, took the simple way out and sold off honours. The passage of the 1975 Act, giving Opposition parties funds to assist them carrying out their parliamentary work, undoubtedly helps, but there are already too many calls on the funds available. There is a final, fundamental objection to Kitchen Cabinets—namely that they blur the distinction between the Prime Minister's role as a party politician and his role as the Queen's first Minister. There are many aspects of a Prime Minister's work where "political

Official Statistics

Building societies receipts and loans (January). COMPANY RESULT Christie-Tyler (half-year). COMPANY MEETINGS Lee (Arthur) and Sons, Sheffield, 12.30. Spooner Industries, Hkley, 11.30. OPELA Royal Opera production of Un ballo in maschera, Covent Garden, W.C.2, 7.30 p.m. English National Opera perform Royal Hunt of the Sun, Coliseum Theatre, W.C.2, 7.30 p.m.

MUSIC City of Birmingham Symphony Orchestra and Chorus and Midland Boy Singers, conductor Louis Fremus, with Lillian Watson, Gerald English, Thomas Allen and James Galway (soloists) in programme of Wolf-Ferrari (Overture, Susanna's Secret); John Mayer (Flute Concerto, and first London performance of Mandala); R32a Sangeeti; and Carl Orf (Carmina Burana). Royal Festival Hall, S.E.1, 8 p.m.

Modernise the unions

Mr. A. Hamilton. Sir—I read Clive Jenkins's article (February 8) on the lock report with interest, and I do sense his evident delight at the hostile reaction from the echelons of British industry. From the correspondence in your own newspaper, it appears the criticism polarises into subjective, from those opposed to the principle of "workers' participation" or "industrial democracy," and the objective of those who accept the principle, but reject the report's recommendations as a means of accomplishing this. It is to date it has been all too easy for Mr. Jenkins and his lieges to turn the former claims to his advantage as representing the emotional reaction of a self-interested party, in order to avoid any discussion of the report itself. We are most of us conversant with Mr. Jenkins's affably arrogant assertions about the "inability of trades union involvement in every aspect of community affairs," and his arguments are as much concerned with taking away power from an elite as giving it to the "people's representatives." The principal fault of his argument is that matter of report to which he is signatory, is the consistent reluctance to admit that reform of the management structure without a corresponding reform of the unions would be as impracticable as the Industrial Relations Act used to be.

Letters to the Editor

Power over the Board. From Mr. E. Dodson. Sir—I go some of the way with your correspondent Mr. David Jenkins (February 8) in his criticism of apparent complacency in Boardroom thinking on the likely future changes in structure, but he is carried away by his own exuberance. My experience has been that directors certainly do not consider that "shareholder control is a moth-eaten myth." Of course the individual small shareholder is powerless (even effectively to put forward a resolution to remove directors, according to the recent case of *Inland Waterways Association*), but directors of quoted companies are still aware of the power of the institutional shareholders and of the financial Press. Quite apart from legal duties, policies framed and implemented with as much thought to the reactions of shareholders and their advisers as to those of "organised employees." Eric H. Dodson, Dennis House, Marsden Street, Manchester.

Improve the insulation

From Mr. L. Baldwin. Sir,—With regard to Mr. Ernest Brooks' "chilly advice" (February 3) on conserving energy, I agree with his implied comment that if the world is going to be short of energy, then savings must be organised on a world-wide basis, and especially in America. Looking at the U.K., where some influence can perhaps be brought to bear, the key to the wastage is not simply a good thermostat as he suggests but more important good thermal insulation standards for our dwellings. The energy consumption of dwellings accounts for some 30 per cent. of primary energy in this country. The present insulation standard laid down by Building Regulations (a U-value of 1.0 W/m² 20C for the opaque parts of walls of houses) appears to be comparatively ineffective in saving energy. Occupants, it seems, are tending to take the benefit of this insulation as higher temperatures to make themselves more comfortable, rather than to save energy. A better standard of insulation (a U-value of 0.8 instead of 1.0) which would add comparatively little to the overall costs—under £200 on a small brick house—would provide the extra thermal comfort which householders seem to need, provided the manufacturers can be persuaded to make small enough heating plants, energy would be saved as well. A raising of standards to a U-value of 0.8 would be in line with the best levels of insulation in Europe. L. W. Baldwin, The Brick Development Association, 19, Grafton Street, W.1.

Charge for planning

From Mr. H. Thornley. Sir,—Now that the country is at last becoming cost conscious in its not time initial planning applications were charged a fee on submission of plans either outline or detailed? If the work in processing an application is likely to be involved, with site visits, etc., surely a pro rata additional fee based on the hours worked by highly paid officials is reasonable. Very often the more controversial/involving cases spring from the profit motive either by the owner or intended purchaser who stands to gain on obtaining an approval—a profit subsidised by the local ratepayer. I do not think such a scheme would frustrate development, as all I seek is a reasonable contribution from developers or would-be developers and prevent the submission of "try on" applications to overworked officials. H. Thornley, Mellingway, Saltash, Cornwall.

Conserving energy

Responding to Bullock. From Mr. A. Marson. Sir—I was hoping that Clive Jenkins's article (February 8) on the "majority view" of the lock report would contain some arguments to counter criticisms put forward by, for example, the chairman of N (February 2). If, however, it ignores his response to the items which will be created implementation of the proposals, his reasoned argument used to three unsupported realisations. In the last sentence he is misled by Lord Bullock to support a vague platitudinous such as "an historic inevitability." This is similar to his previous assertion that the legitimacy of the demand for seats in the Boardroom is "evident." If Mr. Jenkins states that, hold statements such as this are convincing because states them, then he has misled his readership on this question. It is only time Mr. Jenkins reaches anywhere near to a real argument is when he says that "employees at every hours before mid-night to give us our own special perk. Our age will be remembered as that of wise fools who refused to do what they knew was essential but

Civil Service pay

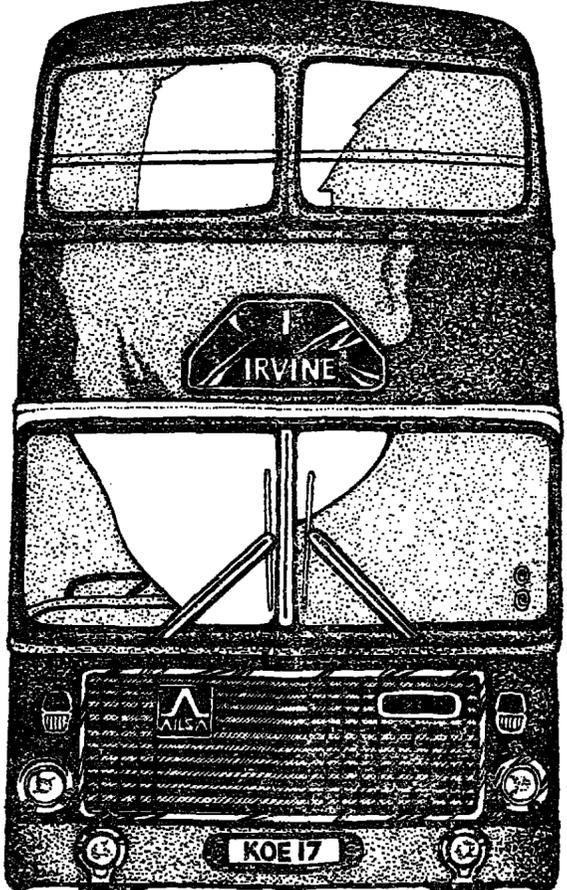
From Mr. M. Westman. Sir,—The letter from Mr. Kendall published on February 7 shows clearly why the pension deduction made by the Government Actuary in assessing civil service pay is inequitable, and then draws the opposite conclusion. The adjustment to be made to civil service pay by the Government Actuary should be the full sum that a private individual would have to pay, presumably to an insurance company, to supplement his occupational pension sufficiently to match civil service levels. While Mr. Kendall is correct in saying that "in most schemes the employer pays the greater part," I suggest that there are few schemes where employers will agree to double their contributions if an employee elects to double his. I have yet to hear of a private scheme that will pay indexed pensions at any price. M. J. Westman, 72, Cromford Road, S.W.18.

Bigger loans to repay

From Mr. G. Stern. Sir,—You report that British Rail wants to spend £25m. on automatic ticket barriers in London in order to stop some of the fare dodging which it considers may cost over £6m. per year (February 7). But even if it saves £3m. per year, return on capital will only be 12 per

British Rail spending

It also needs the co-operation of the unions and the Government whose sole concern appears to be to keep in office by over-manning at the cost of even greater unemployment in the future. S. W. Penwill, 158, Finchchurch Street, E.C.3.



Irvine is the head office of Ailsa Bus Ltd. It was in Irvine that the original idea for a modern front engine double decker suitable for one-man operation was conceived, the designs finalised and a production plant established. For an investment of £3.5 million. By introducing a new industry and further job opportunities, the Ailsa Group has made a valuable contribution to the commercial and social life of Irvine. And by directly employing some 140 people in the production of the Ailsa bus, they have built up a substantial investment in a workforce which is, traditionally, very strong in engineering and manufacturing industries. It has an unrivalled record for hard work and industry and an enviable record of labour relations. A fact which goes some way to explaining why over 120 other manufacturing companies have moved to Irvine. But it is not the complete story. Because these firms were also attracted to Irvine by the financial and administrative assistance we could offer them. By the Regional Development Grants of 22% towards the capital expenditure on new buildings. By the 100% first year tax allowance on investment in machinery and plant.

By the ready availability of factory space which can be bought or leased. And by the perfect environment offered in Irvine, the only new town in Britain which is by the sea, and surrounded by beautiful countryside in which you can breathe clean fresh air and watch your children grow in open, civilised surroundings. What more can we say? Except that there's plenty of room inside. For further information please contact: Michael S. Thomson, Commercial Director, Irvine Development Corporation, Perceton House, Irvine, Ayrshire KA11 2AL. Tel: Irvine 74100 Telex: 778984. Irvine Office: The Scottish New Towns, 19 Cockburn Street, London SW1V 3BL. Tel: 01-950-2631. Telex: 25408.

THIS IS AN ADVERTISING VEHICLE FOR IRVINE NEW TOWN.

COMPANY NEWS + COMMENT

MFI almost doubled to £0.84m. halfway

FURNITURE RETAILERS MFI Warehouses reports pre-tax profits of £538,017 for the half-year to November 27, 1976, compared with £256,478. Mr. A. C. Southon, the chairman, says trading since November has been good and sustains his optimism last October when he anticipated continued growth in both turnover and profits.

Turnover was 57 per cent. higher at £15.24m. against £9.65m. Stated earnings are up from 3p to 3.5p, and the interim dividend is lifted from 1.17p to 1.36p net per 10p share. Last year's total was 2.925p from pre-tax profits of £1.02m.

HIGHLIGHTS

First half profits from Dalgety are disappointing with the lack of any real growth reflecting losses in the U.S. and a dull performance in Australia. Birmid Qulcast has had a reasonably good extra quarter with the foundry side remaining strong but there have been setbacks in lawn mowers and heating. Lex also takes a look at the fertiliser sector in relation to the results from Scottish Agricultural Industries. Elsewhere, most of the action has been on the bid front with Sketcheley making an offer for Johnson Group Cleaners, which looks likely to be contested while Greenall Whitley has emerged as a rival contender for Stanneylands but here it looks to be checked by the irrevocable agreement Stanneylands has with Associated Leisure. Apart from the bid scene MFI continues to show good recovery aided by new shop earnings.

This time the reason can be found in the weakness of the pound, which has dropped by a quarter during the year to last September relative to the yen. So P. and C. has had to pay considerably more for the Toyotas it imports (it has the sole U.K. franchise), but it has been unable to raise selling prices as fast because of competition. In hold-overs, prices P. and C. has improved volume. Toyota registrations were 9 per cent. up in 1976 against 7.6 per cent. for the overall market, but margins have been considerably eroded. Since the year-end sterling has gone a little firmer and a couple of new models from Toyota are evident in the pipeline. With margins improving, profits should start to recover again, but at 105p it is hardly surprising that the share has one of the highest yields in the sector at 15.7 per cent.

Over £0.7m. for Bernard Wardle

ALMOST trebled taxable profit from a depressed £257,000 to £751,000 is reported by Bernard Wardle and Company for the year ended November 30, 1976. Sales advanced by £4.03m. to a record £15.89m.

This forecast expansion follows the recovery begun in the second half of 1974-75 and continued in the first 25 weeks with a profit of £242,000 against £29,600.

The first two months of the current financial year show an improvement over the same period of last year and the order book, both in money and volume terms, is at a higher level than at any time in the whole of last year. Mr. D. A. Boothman, the chairman, states:

He adds that the directors believe the recovery will continue and they look forward to the future with restrained optimism. A final dividend of 0.7p net per 10p share makes the total for the year 1.1375p (0.5p). Stated earnings per share were higher at 1.87p (0.66p).

The company manufactures a wide range of fabrics and felts, PVC sheet and film, and fabricates plastics.

Mr. Boothman says that the group order book was currently about a third up on the same period of last year. The major profits contribution in 1975-76 once again came from stationery and packaging interest in Edinburgh, followed by the Everflex and Duraflex divisions. Plastics offshoot Hisped, which has recorded heavy losses in the past, moved back into the black during the year.

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they now account for a slightly lower proportion of the group total at 44 per cent. Order books are now about a third higher than at the start of last year so further recovery is on the cards. However, there is still some way to the peak level of £1.1m. and pending evidence of this continued upward trend the shares at 134p on a yield of 11.5 per cent. and a p/e of 7.9 are likely to mark time.

Coronet Industrial ahead

INCLUDING capital profit on the sale of land amounting to £72,273 (nil), profit of Coronet Industrial Securities increased from £335,705 to £486,217 for the year to June 30, 1976, subject to tax of £238,333, against £211,000.

Dividend for the year is held at 124p and there are waivers on 0.56m. shares (same). The company operates as electrical and electronic equipment distributors; manufacturers of clayware products.

Pride & Clarke setback

FOLLOWING a midway slump in taxable profit by £302,000 to £211,000, motor retailers Pride and Clarke ended the year at September 30, 1976, with £515,215, compared with the 1974-75 record full-time figure of £1,312,812.

The directors report that the turnover of the group for the current year to date is showing a satisfactory improvement over that for the previous corresponding period, but the recent changes in foreign exchange rates, which strengthen the position of sterling, have not yet fully restored the gross profit margins to those obtained in 1975.

However, they expect that the results for the current year will show improvement. Sales for the year were ahead at £58.6m. (£53.12m.). Stated earnings per 25p share slipped to 11.6p (30.1p), and a final dividend of 7p net maintains the total payments at 10p.

After a dramatic recovery in 1974-75 Pride and Clarke's profits tumbled 60 per cent. last year.

Wood Bastow down

REFLECTING an increase in the cost of raw materials, the pre-tax profit of Wood Bastow Holdings fell slightly to £240,000, against £253,000, for the half year to December 25, 1976. Turnover increased by £9.31m. to £4.78m.

The directors state that demand for the company's products has been strong throughout the period (the major customer being Marks and Spencer), but they have experienced some difficulty in increasing production capacity to meet this demand. They also remind shareholders that the major part of the group's profit is earned in the second half of the financial year. Total profit for 1975-76 was £760,000.

The directors anticipate that the purchase of Andrew Barron, announced on February 2, will increase turnover of the group by over 25 per cent. and will create further production capacity for Marks and Spencer.

An interim dividend of 3p per 20p share is announced, absorbing £55,431. Last year's total was 3.802p. The company manufactures foundation garments, underwear, outerwear and swimwear.

The doubled interim dividend at Wood Bastow does not appear to indicate a strong profit growth for the year. Indeed, earlier forecasts of increases have now been toned down to predictions of maintained profits. The slight drop in first-half profits, while not important given the heavy second-half bias, is perhaps surprising given the extended sales period, created by last year's summer. The weather must have left retailers' stocks low (up) whether this will mean heavy buying this half is debatable. Marks and Spencer, which accounts for 70 per cent. of sales, has recently made a far from bullish forecast for U.K. clothing sales but there may be gains through M and S's build-up in Europe. The new acquisition, Andrew Barron, is likely to add some £900,000 to turnover in the four months it will have been part of the group, but is not expected to make a profit contribution. These factors may already be in shareholders' minds for the shares fell 5p yesterday to 67p where the maximum dividend would yield 9.9 per cent.



Mr. Rupert Withers, chairman of Dalgety, who reports a slight increase in first-half profits.

DIVIDENDS ANNOUNCED

Company	Current payment	Date	Corresponding	Total last year	Total this year
Berwick Turps ... 2nd Inc.	0.72	April 7	0.65	2.41	2.48
Scottish Quilcast	2.75	April 12	2.4	4.999	3.68
Cardinal Irr. Tr.	2.13	Mar. 25	1.83*	3.3	3.7
Coronet Industrial	0.45	—	0.35	0.25	0.85
Dalgety	5.24	—	4.76	—	8.94
G. D'W	3.35†	Mar. 28	2.9	3†	4.32
Hiblet	0.53	Apr. 12	0.45	—	0.96
General Funds ... 2nd Inc.	3.05	Apr. 1	2.3	4.1	5.35
Goode Durrant & Murray	0.79	Mar. 28	0.79	0.79	0.79
Guildhall Property	0.50	Apr. 1	0.50	—	2.17
London and Lombard Inv.	1.4	—	1.15	2.1	1.85
Scottish Agricultural Ind.	1.56	Mar. 31	1.17	—	5.93
Plastic Constructions	2.47	—	2.58	3.72	3.58
Pride and Clarke	7	Mar. 31	7	10	10
Rawlings Bros.	0.63	Mar. 26	0.63	0.63	0.63
Reliance Knitwear	1	Apr. 7	0.81	—	11.77
Scottish Agricultural Ind.	6.5	Apr. 1	5.27	11	13.77
Tribune Investments	7.6	Apr. 7	6.5	11.1	9.6
Updown Investments	1.55	Mar. 25	1.55	1.55	1.55
Bernard Wardle	0.7	Apr. 21	0.5	1.14	0.5
Watshams	1.86	—	1.3	1.14	3.25
Weber Holdings	3.5	Apr. 12	3.982	11.73	11.73
Wood Bastow	2	—	2	—	3.80

Tribune Investments expansion

For 1976, Tribune Investment Trust reports pre-tax revenue up from £282,233 to £736,428 and an improvement in earnings per 30p share from 12.05p to 15.34p.

The final dividend of 7.8p net per 30p share is announced, which included an exceptional amount of 2.45p relating to income credited in the accounts for earlier years but not received until 1976. The total is 10.11p against 11.73p.

By their very nature, the unexpected favourable factors were unlikely to repeat themselves; nor would the directors wish for the figures to be boosted by a fall in sterling values, he added.

Referring to the first four months of the current year, he said that in the Republic of Ireland sales have been below last year's levels. However, the recent budget, although relatively neutral for the brewing industry, might help growth in the economy as a whole and thus help the company to move forward again.

After a considerable time investigating the Irish meat industry, a meat factory had been purchased in the Irish Midlands. Meat was a major Irish export, and there were high hopes that this would develop to be a useful addition to the overall business in Ireland.

In Northern Ireland, despite the continuing problems, both political and economic, he believed that the group would continue to hold a good share of this very competitive market. Group beer sales had shown a modest increase but the trend away from bottled products towards draught continued.

In Great Britain, the company was obliged to increase the price of products last October because it could not continue to absorb the rising costs, especially those for good quality malting barley.

Net revenue of General Funds Investment Trust for the year to January 15, 1977, was £238,436 against £200,038.

The dividend total is stepped up from 3.55p to 4.1p net per 25p share with a second interim of 3.05p.

Net asset value per share is stated at 174.02p against 173.33p excluding dividend.

Total assets of the company are valued at £14.42m. (£14.16m.), and the net asset value per 25p ordinary share is 174.02p (£172.23p) sd. Asset value per 10p convertible share is 142.7p (£138.59p) sd.

Contingent liabilities per 25p ordinary share are 16.43p (£15.76p), and per 10p convertible share 3.48p (£3.61p).

Total income was £130,560 (£120,775), expenses and interest took £29,525 (£28,063), and the tax charge was £36,441 (£34,035).

Mr. M. Mulryan, managing director of Bank Bridge Group, has resigned from the Board of David Dixon and Son in which Bank Bridge has a 29 per cent. stake.

It was announced this week that Mr. Malcolm Horsman, former deputy chairman of Bowater, had bought a 16.35 per cent. stake in Dixon.

Dixon has a claim against Bank Bridge of £710,000 arising from breached profit warranties on which negotiations have been dragging on for almost two years.

Mr. Mulryan said yesterday that he had resigned because of the conflict of interest involved in his pre-tax profit of investment and property holding company Weber Holdings for 1976 improved

Scot. Agricultural lower at £3.13m.

For the year 1976 the ICI subsidiary Scottish Agricultural Industries shows pre-tax profit of £2,127,000 on sales of £67,712,000, in the previous 15 months profit reached £4,389,000 and sales were £78,744,000.

At halfway the directors said that the profit of £1,900,000 reflected the difficulties of recovery in the previous 15 months, and the problem was continuing in the second half.

A final dividend of 6.5p net per 25p share makes the total for the year 11p. The total payments for the previous longer period were 13.785p.

See Lex

Half-year earnings of Watshams are stated at 4.1p (3.5p) per 25p share, and the interim dividend is lifted from 1.3p to 1.5p net. Last year's total was 3.55p from pre-tax profits of £244,025.

Turnover for the half year was £23.3m. against £22.7m. Tax took £108,000 (£78,750), and the profit attributable was up from £72,260 to £90,300.

G. Dew rises to £1.38m.

CIVIL ENGINEERING contractor G. Dew and Co. reports pre-tax profit increased from £1.7m. to £1.38m. for the year to October 31, 1976, after a rise at halfway from £140,000 to £140,000. Turnover was higher at £14.7m. against £13.9m.

The dividend total, in line with the forecast at the time of this rights issue, is lifted from 4.20p to 3p net per 25p share with a final of 3.57p. Stated earnings are up from 16.48p to 19.5p.

Turnover for the half year was £14.7m. against £13.9m. Tax took £108,000 (£78,750), and the profit attributable was up from £72,260 to £90,300.

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INTERIM

Dalgety

Unaudited Results for the Half Year Ended 31st December 1976

The Group has succeeded in marginally improving its first half-year's profits compared with the corresponding period in 1975/6.

These results would have been substantially better except for three factors. Firstly, the adverse effect on our malting operations of reduced demand from the distillers and the high barley prices resulting from the almost unprecedented drought and poor harvest in the U.K.; secondly, the lengthy and expensive strike in the Californian frozen food industry which closed our plants for several weeks; and thirdly, the continuation of difficult trading conditions in Australia, which, however, are now showing signs of slow improvement.

The Group's better profit performance in New

BIDS AND DEALS

Rival approach to Stanneylands

A counter bid worth 2,000,000 has been launched for Stanneylands, the hotels and restaurants company, by brewers Greenall and Whiteley.

Full bid for Reed and Mallik

Hamilborne, which holds a 28 per cent interest in civil engineering contractors Reed and Mallik, is making a 25 per cent bid for the rest of the company.

Sketchley comes out with offer for Johnson

A surprise take-over bid for Johnson Group Cleaners has been mounted by Sketchley. It is successful, it will create one dominant force in dry cleaning.

Wm. Hill buys Slater Walker betting shops

William Hill Organisation, a subsidiary of Sears Holdings, has in a deal worth some £10m, acquired the Ken Munden and Sherman groups of betting shops.

Serck to give forecast soon

Mr. Robin Martin, chairman of the Serck Group, has promised shareholders a profit forecast and information about company prospects as early as next week.

MINING NEWS

Bougainville's earnings mark time in 1976

BY KENNETH MARSTON, MINING EDITOR

A MIXED showing is made by the 1976 results of the Rio Tinto-Zinc group's Bougainville copper-gold mine in Papua New Guinea.

It is now contemplated that it will be possible for particulars of the respective schemes to be posted to shareholders at about the end of next month.

ROUND-UP

South Africa's East Driefontein says that it has re-employed 31 of the 250 white members of the Mine Workers' Union who terminated their employment on Wednesday following a dispute regarding a mine over-seer.

Gold mining operations are to be continued on an economic basis as possible at South Roodport Main Reef.

Table with columns for various mining companies and their earnings/losses.

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Table with columns for various mining companies and their earnings/losses.

comment

Stanneylands would fit in nicely with Greenall Whiteley's bid to provide accommodation when GW's in the area are over-booked.

THE negotiating sale of Joseph Terry

Trust Houses Forte is negotiating to sell Joseph Terry and Sons, its York-based chocolates subsidiary, to Colgate-Palmolive.

United Spring and Steel Group Limited

Table showing financial results for United Spring and Steel Group Limited for the year ended 30th September 1976.

Extracts from the Chairman's statement.

I am able to report that profits show an improvement over the disappointing results of the previous year.

WCB is confident of holding off Guinness

With White Child and Beney moving up higher to 70p yesterday against an offer from Arthur Guinness worth 65p in cash or 60p in Guinness shares.

RECKITT & COLMAN U.S. VENTURE

Reckitt and Colman and Morton-Tilton Products Inc., of Chicago, Illinois, announce that the chief executives of the two companies, Mr. James Clesmanson and Mr. John W. Simmons have reached an understanding on a proposal for a joint venture in the U.S. which will introduce the market selected Reckitt and Colman pharmaceutical products in the U.S.

HME DEALINGS

The first day of dealings in Harrison's Malaysian Estates (HME), the new plantation company formed by the merger of Golden Hope, London Asiatic and Pataling, saw its price open at 51p but close 2p lower at 49p.

DUPLÉ SHARES

Shares in Duplé International, coachbuilders and engineers, which were held by Bowman and Walker, namely 3,225,000 Ordinary shares, have been sold at 51p per share.

WOODHOUSE AND RINSON CONFIRMS DENIAL

Mr. Scott Baker, chairman of Woodhouse and Rinson, the Sheffield-based forge specialists, has denied reports of an imminent bid for the company of over 80p.

NATIONWIDE LEISURE

A circular is being sent to shareholders of Nationwide Leisure urging them to reject the 580,000 offer from British Air Services and to vote in favour of an interim dividend of 0.75p against 0.25p for the whole of the last financial year.

MAYNARDS SALE

Maynards has concluded negotiations for the disposal of some 875,000 of all the retail confectionery activities including trading stocks of Maynards (Canada). The purchaser is Laura Second Candy Shops, which is the largest candy retailer in Canada.

comment

Sketchley's bid for Johnson looks inadequate. Ostensibly it gives a rise of a quarter in income, assuming 12 per cent on the cash element and maximum dividends by all companies.

Let him know he's not alone

Today, there are nearly half a million disabled ex-servicemen. We help as many of them as we can through the Army Benevolent Fund.

The Army Benevolent Fund

For soldiers, ex-soldiers and their families in distress.

CM INDUSTRIES

(formerly Clin-Midy) Paris, France

5 3/4% SWISS FRANC BONDS of 1977 due 1989 Swiss Francs 30'000'000.-

Terms of the issue: Coupon: payable annually on March 1. Issue price: 99%. Mandatory redemption: The bonds will be redeemed in instalments of Swiss Francs 3'000'000.- in each of the years 1984-1988 through purchases in the market if prices are below par.

- Banker: Banque Keyser Ullmann en Suisse S.A., Geneva. Other banks: Banque de l'Indochine et de Suez (Branch Lausanne), Banca Unione di Credito, Lugano, Banque de Dépôts et de Gestion, Lausanne, Bank Messner & Cie AG, Basle, Chase Manhattan Bank (Swiss) S.A., Geneva, Banque Lazard & Kinche AG, Zurich, Compagnie de Banque et de Crédit S.A., Lausanne, Overland Trust Banca, Lugano.

HARRISONS MALAYSIAN ESTATES Limited. Share Capital: Shares of 10p each. Authorised: £16,750,000.00. Issued and to be issued fully paid: £16,695,267.20. The Council of The Stock Exchange has admitted to the Official List all the Shares of Harrison's Malaysian Estates Limited ("the Company") issued and to be issued in accordance with the offers for Golden Hope Plantations Limited, The London Asiatic Rubber and Produce Company, Limited and The Pataling Rubber Estates, Limited contained in an offer document dated 17th January, 1977.

BARING BROTHERS & CO., LIMITED 88 Leadenhall Street, London EC3A 3DT. Brokers to the Introduction: CAZENOVE & CO., 12 Tokenhouse Yard, London EC2R 7AN and The Stock Exchange

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

KSH hope for return to profits

By Michael Van Os AMSTERDAM, Feb. 10. ROYAL SCHOLTEN HONIG (KSH), the Dutch starch and foodstuffs manufacturer, said in its annual report 1976-77, published here, that it could be making a profit again in the current financial year should the admittedly hesitant economic recovery continue.

As reported in December, 1976, the company suffered a net loss of Fls.15.3m. in the past year on sales of Fls.569.8m. The report notes that on the basis of recent information, the upward trend in business which had become apparent in the second half of the 1976-77 financial year has continued to date, but it could not yet draw any conclusions for the final results development in view of the many uncertainties in the world economy.

KSH added that an important part of the past year's loss could be attributed to developments outside the company's sphere of control—such as those relating to the economic situation and potato harvest in developments and measures drawn up by the EC in Brussels which were aimed to have an adverse effect on its business.

The disappointing development of business in the past financial year coincided with a rather substantial investment programme as part of the multi-year plan. This had put the company in a "difficult situation," however, among other things owing to a state-guaranteed subordinated loan, the financing needs could be met.

As far as the foodstuffs sector is concerned—which was less sensitive to economic fluctuations than other sectors—government price controls on the upward trend of results had continued and expectations were that this would gain in the case in this year.

KSH's Board noted in today's report that despite the many problems, it was felt that the company was growing towards a stronger internal structure of real importance, the largest part of the big maize milling complex in Tilbury, U.K., would be completed in the current year. In the past year, the balance of investments and dis-investments was 25.2m., which amounted to 12.7m. meant that investments exceeded depreciation by 12.5m. This was solely attributable to the building of a Tilbury plant.

The remaining investments related to the new corned corn in Keokuk, Iowa, U.S.

Dividend increased as profits soar at BMW

BY NICHOLAS COLCHESTER

WITH THE beaming smile of one who chooses to reveal only half of his full measure of satisfaction, Eberhard von Kuenheim, the chairman of BMW, this week presented a preliminary report on the vintage year of 1976. The Bavarian motor company's turnover jumped by 34.4 per cent. to DM4,459m. with what appears to be a clear effect on profit. The dividend will be increased from 1975 DM9 per share. The outlook for 1977 is one of more modest growth and consolidation.

BMW's sales last year were limited only by what the company was able to manufacture. The production of motor cars rose 24.3 per cent. to 275,000 units, and this was possible only because the workforce was ready to work 16 normally inactive Saturdays during the year. The company's motorcycle output in Berlin was squeezed up another 10 per cent. to 28,200 units despite the fact that this plant has been working at capacity for years.

The efficiency implicit in flat-out production will be reflected in the 1976 profit and loss account. The management refused to be drawn on this matter, but from the initial details on cost increases and depreciation, set against the sharply increased revenue, it would seem that pre-tax profit must have been between two and three times the 1975 figure of around DM160m. If after tax profit is below DM120m.—compared with the 1975 figure of DM74m.—it will be due to the balance sheet conservatism at which German financial controllers are so adept.

BMW continued to stress its overseas sales last year with the result that overseas car deliveries rose by 31.5 per cent. to 139,600 and for the first time topped home deliveries of 135,000 up 12.8 per cent. The company's leading growth market was the U.S. where sales rose by about one-third to 26,000.

from the experience of others. The chairman gave an insight into BMW's strategy. The company will remain internationally competitive by emphasising technological sophistication in its products; particularly in the application of electronics, Herr von Kuenheim still sees great opportunities here. BMW's spending on research and development is 4 per cent. of turnover which, the chairman claims, is high for the industry. Second, BMW will remain scrupulously modern in its production techniques, investing energetically in new capital equipment in both a buoyant and a sinking market. The 1976 capital investment of DM320m was twice depreciation, and the figures will remain the same in 1977.



Eberhard von Kuenheim

The proportion of exports in total turnover rose from 30 per cent. to 46 per cent. in 1976. If there was ever serious consideration of BMW supporting its overseas sales with overseas production, it appears to have been shelved. The American experience of Volvo—an up-market car manufacturer, with DM74m.—it will be due to the balance sheet conservatism at which German financial controllers are so adept.

With the passing of the disturbing power correction in the international value of the Deutschmark, the BMW management thus appears able to worry less about international exchange rates and to concentrate more on a Daimler-Benz style home-based strategy in which the main elements are a gradual build-up in production, technical excellence, support between workforce and management, and a carefully established image and sales network abroad.

Looking ahead to 1977, the BMW chairman forecast that German car production would rise by 17 per cent. in 1977. For BMW he forecast a year of consolidation with group turnover rising from DM4,459m. to above DM5bn. He noted that BMW's production plans in the future were obvious from its investment plans, but he added that with lower growth the cost problem would loom more in 1977 than it had in 1976.

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JAPANESE BOND MARKET

Return of international interest

BY PAULINE CLARK

AN EARLY RETURN of foreign Government and other international interest in borrowing prospects on the Japanese bond market is expected as a result of indications this week of a new direction in the country's policy on domestic interest rates.

A number of prospective foreign borrowers last month postponed their plans to take advantage of the Japanese Government's recent moves to open up the market to more overseas names.

Following the Asian Development Bank's withdrawal from the queue early in January, Austria and Inter-American Development Bank also put off their yen borrowing plans (scheduled for March and April) because the cost was too high.

Right time However, this week's statement in the Diet by Prime Minister Takeo Fukuda that the time was now right for lowering long term interest rates and to concentrate more on a Daimler-Benz style home-based strategy in which the main elements are a gradual build-up in production, technical excellence, support between workforce and management, and a carefully established image and sales network abroad.

It will also be welcomed by Canada's Manitoba Provincial Government which was anyway going ahead with its Y.12bn. issue later this month because of its desire to diversify its fund sources and to make its name familiar on the market.

Mr. Fukuda's statement has not come entirely as a surprise in view of mounting pressures for action to stimulate the economy. In addition the move has long been foreshadowed by the market itself. Long term interest rates have already fallen from 8 per cent. and 8.5 per cent. to 7.5 per cent. while secondary market yields on industrial bonds are now around 0.2 percentage

points below the yield on new Government bonds with relatively unattractive yields. Thus prospective foreign borrowers on the market, though no doubt encouraged by the latest developments, are likely to continue to view the market with caution. A primary consideration is necessarily the present differential of some half per cent.

Mr. Fukuda's comment that any cut in the bank rate from the current 6.5 per cent. established in October 1975 could not exceed one-quarter percentage

exists between the Japanese long term rates and those ruling in the U.S. while nearly a full percentage point differential remains in favour of the Eurobond market compared with the Japanese bond market.

Any specific action by the monetary authorities to reduce rates, even if only slightly, is a matter of interest if only because of the difficulties involved. The central problem is that the rate for personal savings, which is the largest repository for private individuals funds, is fixed. And the Government is bound to protect this rate because it represents the nearest Japanese equivalent to a social security system.

Any significant reduction in the bank rate would mean cuts all round since it would entail a reduction in bank deposit rates which in turn would necessitate a policy of unpalatable cut in the personal savings rate.

Bond market commentators point out that the Government's only option if it is to reduce long term rates is to buy more bonds. But even here, the Government does not have an entirely free hand. The banks are still feeling scarred at the effect on yields on industrial bonds as their earnings last year of being low around 0.2 percentage obliged to subscribe heavily to

what the same borrowers might raise elsewhere and at lower cost. Again, however, the Japanese Government is in a sandwiched situation. In order to further the cause of internationalisation of the yen and to help overcome the problem of its huge net foreign currency liabilities, it must encourage more foreign borrowing in yen. But since the bond market is not developed enough to cope with a major increase in funds sought by foreigners, it must also encourage foreign investors and this can result in an unwelcome increase of foreign currency inflow as borrowers buy yen in order to take up the bonds.

In a related development, the Finance Ministry is understood to be planning to make Yen bonds issued by Government guaranteed foreign issuers and by all international institutions tax exempt for investors up to a Y3m. ceiling. Such treatment has so far been reserved for strictly Government issuers or for international institutions of which Japan is a member, such as the World Bank.

Meanwhile, partly in an attempt to ease the borrowing pressure on the market which is likely to result from the increase in the Government's and local authority fund requirements this year, plans are afoot for more Japanese Government guaranteed bonds to be floated overseas and in particular on the U.S. domestic bond market. The latest issue was confirmed in the Japanese monetary authorities will be prepared to raise the limits so far applied to the amounts of funds that foreign borrowers can raise on the market. The Manitoba issue is some Y2bn. larger than the issue of, for instance, the Singapore and Denmark yen bond issues of late 1976. But the equivalent U.S. dollar amount of less than

... the central problem is that the rate for personal savings, which is the largest repository for private individuals funds, is fixed ...

The limits

In addition difficulties in anticipating the right time to raise funds on the Japanese market are made worse by the one-month delay caused by the SEC type registration process which prospective foreign borrowers must go through before first launching themselves on the Japanese market.

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Creditbank, Andresens payment up

BY FAY GJETER

OSLO, Feb. 10.

TWO MORE leading Norwegian commercial banks have announced higher dividends and profits for 1976. Den Norske Kreditbank, Norway's largest commercial bank, is paying 11 per cent. against 10 per cent. for 1975. Profits, after tax and depreciation, rose to Kr.85.8m. (€3.33m.) from Kr.70.6m. in 1975. As announced earlier, the board proposes to increase capital this year by Kr.130m. to Kr.520m. Total assets at end 1976 were Kr.1,474m. compared with Kr.1,013m. a year earlier.

Andresens Bank is paying a 10.5 per cent. dividend, against 10 per cent. for 1975. It has presented two versions of its accounts this year. One, adjusted for inflation, and based, to a certain extent, on the Sandilands report and the work of Mr. Douglas Morphet, shows 1976 profit after tax and depreciation of only Kr.11.2m. while the "traditional" accounts show a profit for the year of Kr.20.5m. For 1975, a less profitable year for Andresens, and one in which inflation was more marked, the inflation accounting system shows a profit of only Kr.2m. compared with Kr.14m. by traditional reckoning.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

Table with columns for Country, Currency, Bid, Offer, Bid, Offer. Includes entries for Canada, Australia, New Zealand, etc.

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

World Value of the Dollar

The table below gives the latest available rates of exchange for the U.S. dollar against various foreign currencies as on Wednesday, February 9, 1977. These exchange rates have been compiled by Bank of America NT & SA's world-wide network of branches from various sources. Exchange rates listed are middle rates between buying and selling rates as quoted between banks. Where a multiple exchange rate system is in operation (i.e., the rate quoted is the commercial rate unless otherwise indicated, all currencies are quoted in foreign currency units per one U.S. dollar except for U.K. sterling (and those currencies at par with sterling) which is quoted in dollars per sterling unit. These rates are asterisked.

All rates quoted are for indication purposes only and are not based on, and are not intended to be used as a basis for, particular transactions. By quoting the following exchange rates, Bank of America NT & SA does not undertake to trade in all listed foreign currencies and does not assume any responsibility for any errors in the table below.

Large table with columns for Country, Currency, Value of DLR, Country, Currency, Value of DLR. Lists exchange rates for various countries like Argentina, Brazil, Canada, etc.

Table with columns for Country, Currency, Value of DLR, Country, Currency, Value of DLR. Lists exchange rates for various countries like Philippines, Thailand, etc.

Kuwaiti interests in latest offer for Britain Group

BY GILES MERRITT

DUBLIN, Feb. 10.

BRITAIN GROUP, the leading Irish motor distributors who until two years ago held the franchise for British Leyland cars and currently assemble Nissan's Datsun models, is considering a take-over proposal from Kuwaiti interests.

The Irish motor concern's shop-stewards group has written to the management urging acceptance of the offer made by the Kuwait-based TMG Group and the Al-Babtain Company which hold franchises in the Middle East for several Japanese motor-car ranges. The prospective Kuwaiti buyers, whose offer for the financially ailing Britain Group has not been disclosed, reportedly plan to export more than 1,000 Irish-assembled

Datsun cars to the Middle East that Mitsui, the major Japanese trading company that handles exports of Datsun cars, had been assisting Britain financially, but that his bid was intended only as a short-term measure. Talks between Britain and Nissan 1.5 per cent. share of new registrations, as against the 9 per cent. chucked up for the rival Toyota.

In the last published full year, ending June 30, 1976, Britain's losses neared £750,000 and further significant losses of the same order are expected for 1976-77. Ordinary shareholders of Britain have not received dividends for five years and the group now faces serious liquidity problems. It was understood last year

Robeco dividend unchanged

By Michael Van Os

AMSTERDAM, Feb. 10.

ROBECO, the Dutch-based investment complex, today decided to propose an unchanged final distribution of 3 1/2 per cent. in stock from the share premium reserve for the year 1976.

Shareholders preferring a cash payment are offered an unchanged final dividend in cash of Fls.5.20 from the general reserve. If cash is taken, the total payment for 1976, including the interim of Fls.7.40 made payable in October, 1976, amounts to Fls.12.60. The Robeco statement put out in Rotterdam today ahead of the annual report, to be published March 16, followed today's meeting of the company's Supervisory Board and Managing Board.

SANYO TOKYO SANYO ELECTRIC CO., LTD. (Tokyo Sanyo Denki Kabushiki Kaisha) 14,000,000 Shares of Common Stock. Represented by Continental Depository Receipts. Includes list of agents like Daiwa Europe N.V., J. Henry Schroder Wagg & Co. Limited, Credit Lyonnais, etc.

Creusot steel sector doubt

PARIS, Feb. 10. THE OUTLOOK for Creusot-Lore in 1977 is very uncertain, with results in the steel sector likely to remain mediocre unless steel business recovers, the company said, reports Reuter.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Saab earnings decline by 22%

BY WILLIAM DULLFORCE

STOCKHOLM, Feb. 10.

SAAB-SCANIA, the Swedish commercial vehicle, car and aircraft manufacturers, experienced a 22 per cent fall in earnings last year in spite of a 21 per cent growth in sales. Group turnover was Kr9,588m. (£1,811m.), of which 44 per cent was made abroad.

The unaudited preliminary figures released to-day give a pre-tax profit for 1976 of Kr2,381m. (£363m.), against Kr2,933m. for 1975. Adjusted net earnings fell from Kr2,429 to Kr2,420 per share. The pre-tax profit is almost exactly the same as that for 1975, when turnover was less than half that of 1976.

Second half earnings at Kr1,136m. were up by Kr12m. over the first half but well below the Kr1,977m. realised in the second half of 1975. The profit margin of 27 per cent was slightly up on the 2.6 per cent of the first half but these figures must be compared with the 4.2 per cent achieved last year and 5.2 per cent in 1974.

Some 3 per cent of the sales growth stems from newly acquired subsidiaries but the major increases were made by the Scania truck division (sales Kr4,888m.) and the aircraft division (Kr1,111m.), which is producing Viggen interceptors and strike planes for the Swedish air force. Car sales rose by only 9 per cent to Kr2,888m., while Datasab computer sales actually declined by 1 per cent to Kr430m.

Saab-Scania does not give a breakdown of profit by division but it has been accepted for the past two years that the bulk of earnings comes from trucks, buses and aircraft. The assumption that the car division was not making profits was reinforced in December, when the company announced it would cut car output by 12 per cent during the first half of 1977.

Investments in fixed assets were Kr495m. in 1976 or slightly higher than in the previous year with Kr363m. going to the truck and car divisions. The group's order intake was Kr9,111m. (1975: Kr7,735m.) and the order stock, excluding passenger cars, at the end of the year was down from Kr5,111m. to Kr4,821m.

The parent company reports earnings of Kr120m. (Kr201m.) and will show a net profit after unspecified appropriations and taxes of about Kr85m. (Kr83m.). The Board is proposing to pay an unchanged dividend of Kr11 per Ordinary share and Kr5 per Preference share. The final figures for 1976 will be published on March 9.

EUROMARKETS

\$1bn. borrowing by Sweden

BY TONY HAWKINS

PRELIMINARY agreement has been reached between Sweden and 13 international banks for a \$1bn. seven-year Eurocredit for the Kingdom of Sweden. The Riksbank (Swedish Central Bank) said in a statement last night that the loan will carry a spread over Libor (London interbank offered rate) of 1 per cent for the first four years rising to 1.5 per cent for the remaining three years. There will be a four-year grace period to give an average life of 5 1/2 years.

The statement said that no other borrowing of this type was envisaged this year, but long-term loans at fixed rates are to be arranged—presumably in the Eurobond or Yankee bond markets.

The management group consists of three banks from Sweden, two from Canada and four each from West Germany and the U.S. The U.S. banks are Bankers Trust International, Chemical Bank, First National Bank of Chicago and Morgan Guaranty. The West German institutions are Commerzbank, Deutsche Bank, Dresdner Bank and Westdeutsche Landesbank, while the Canadians are the Canadian Imperial Bank of Commerce and the Royal Bank of Canada. The Swedish banks are Skandinaviska Enskilda Banken, Svenska Handelsbanken and FKBanken.

Once again, as with the British Euroloan negotiated at a spread of under 1 per cent, some of the top U.S. banks which are resisting any decline in spreads are absent from the list. The Bank of America, Citicorp International, Chase Manhattan

and Manufacturers Hanover have all stayed out of this loan. Pemex, the Mexican oil producer, is borrowing \$300m. in the Euromarket with a five-year credit on a spread above Libor of 1 1/2 per cent for the first two years and 2 per cent for the remaining three years. Lead managers for the loan are Chase Manhattan, Citicorp International and Westdeutsche Landesbank. There will be a 2 1/2 year grace period giving an average life for the Eurocredit of 5 1/2 years.

The management group is now being formed and there are likely to be some 12 to 14 managers involved. Response to the loan is described as "very good." Participation fees are expected to be slightly higher than for the last year's \$800m. Mexican borrowing. Although the spread is marginally higher than the 1 1/2 per cent over five years that Pemex has paid in the past, bankers make the point that this does not reflect any deterioration in Pemex's credit rating. It is a high quality credit but substantial borrowing by Mexico in the recent past has meant that some banks are close to their exposure or country limits for Mexican paper.

In a separate development, Romania is borrowing \$50m. over five years to finance industrial development. Lead manager for the Euroloan, which is the first by Romania, is National Westminster. Co-managers are Bank Fuer Gemeinwirtschaft, the Royal Bank of Canada, Girozentrale of Vienna, the Anglo-Romanian Bank of London and Banque Franco-Romaine of Paris.

SOUTH AFRICAN COMPANIES

Doubts over terms of PPC-Barlow Northern Lime plan

BY RICHARD ROLFE

JOHANNESBURG, Feb. 10.

THE PROPOSED deal by which the Pretoria Portland Cement (PPC) owned 33 per cent by Barlow Northern Lime's net assets at R23m. and owned subsidiary, Northern Lime, has attracted mixed notices so far in Johannesburg.

The proposals have a degree of industrial logic about them, but it is split out in the documents relating to the deal, prepared by Barclays National merchant bank. This is centred on PPC's wish to build a "Greenfields" cement plant in the 1980s, with 650,000 tons annual capacity, in the fast-expanding North West Cape region.

Northern Lime has a plant in this area, at Kuruman, which generates waste material suitable for cement manufacture, and has much established infrastructure, including rail and electricity links. The value of this to PPC has been estimated in the documents at R15.5m.

But if the industrial logic seems impeccable, there are at least strong reservations over the terms. Barlow's only acquired the minorities in Northern Lime last March, when 4000 per share if like is compared with like.

But now, for the purposes of the PPC deal, Barlow's has revealed Northern Lime's net assets at R23m. and owned subsidiary, Northern Lime, has attracted mixed notices so far in Johannesburg.

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Kuwait go-ahead for BKK

BAHRAIN, Feb. 10.

THE BANK of Kuwait and Bahrain, 50 per cent owned by Bahrain interests and 50 per cent by Kuwait institutions, has finally received permission to open a branch in Kuwait.

It is the first bank with a foreign shareholding allowed to operate in the State since the British Bank of the Middle East was taken over by Kuwait interests five years ago and renamed the Bank of Kuwait and the Middle East.

A new law, published about three weeks ago in Kuwait, has enabled the BKK to go ahead with its plans for commercial branch there. Under its terms, any bank in which all the Kuwaiti banks have a stake which totals at least 50 per cent of the equity, can have a full commercial licence.

So far the BKK is the only bank to fulfil these terms. Its Kuwaiti shareholders are the National Bank of Kuwait, the Al Ahli Bank, the Commercial Bank, the Gulf Bank, the Kuwait Investment Company, the Bank of Kuwait and the Middle East, and the Kuwait Foreign Trading, Contracting and Investment Company.

Decline in Arbed losses

BY DAVID BUCHAN

ARBED, THE big Luxembourg steel maker, reduced its losses for the year ending December 31, 1976, to slightly more than half the B.Frs.33m. (£47.6m.) loss recorded in 1975. But company officials gave a warning that the final results to be announced in Mid-March would not necessarily mean a dividend for 1976 higher than the 75-80 per cent, at a time when the EEC steel market was itself in continued doldrums.

Company officials said that ARBED had "replied favourably" to the EEC Commission's requests to steel makers to cut their sales for the first part of this year in an effort to restore some profitability to the market. But Mr. Emmanuel Tesch, ARBED's chairman, has last week's demands by Eurofer, the new steel grouping, that the EEC plan would only work if the "chroniques outsiders" took part. The fear that smaller Italian and British producers would opt out of the scheme has been voiced strongly by the German steel industry in particular.

Mr. Tesch has complained that

trophic year of 1975. But increased competition from Japan and others in third markets has hit ARBED's non-EEC exports. In the first half of the 1970s ARBED—which in any case exports 95 per cent of production to the Grand Duchy—exported some 70 per cent to the community. Last year, officials said, this proportion rose to 75-80 per cent, at a time when the EEC steel market was itself in continued doldrums.

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Belgian bond speculation

BY PAULINE CLARK

BELGIAN DOMESTIC bond market operators have been speculating on the likelihood of two new state-backed loans scheduled to be launched to-day carrying an issue price above par. Originally the two loans, raising B.Frs.16.5bn. for Ste. Nationale de Logement and 3.5bn. for Ste. Nationale de Credit a l'Industrie, were expected to be priced at par. But strong demand by investors recently would, it is believed, make it possible for the issuing authorities to reduce the yield at the last minute.

If the bonds carry the projected raised price of 100.20 per cent, it will be the first time since 1952 that the market will open an above par issue price. Both issues carry a coupon of 10 per cent, for an eight year

term and at the higher price would yield 9.962 per cent nominal or 7.965 per cent domestic investors subject to 20 per cent withholding tax.

The higher rates reigning in the market over recent months are the result of Belgium's efforts last year to protect the currency and this has attracted high bond demand both by foreign investors, who are exempt from the tax, and small savers' benefit that the prices of the new bonds might be adjusted rather than the coupon rate. The latter course would have been less acceptable both for shop window and tax reasons. It also ensures good demand in a market where interest rates are expected to ease as the Belgian franc recovers.

LUXEMBOURG, Feb. 10.

Eurofer has been slow to take shape. The organisation, formed last December and likely to make Luxembourg its permanent base, is designed to give the steel producers a bigger voice with the commission. But

AMERICAN NEWS

Publishing merger talks

BY JAY PALMER

NEW YORK, Feb. 10.

THE TIMES MIRROR group, the large U.S. West Coast based publishing company, disclosed this morning that it is now holding talks which could result in an eventual making an offer to buy Random House, the book publishing subsidiary of RCA.

A spokesman for the Times Mirror group this morning refused to discuss the stage of the negotiations. However, the general feeling here in New York's publishing industry is that the announcement would not have been made unless both the West Coast company and RCA were already in broad agreement over terms.

Although RCA has consistently refused to break out Random House's contribution to its earnings, this publishing subsidiary is generally thought to have annual revenues of over \$100m, consisting of six "competing" sub-publishing houses such as Knopf, Valentine, Palatin and Vintage; the Random House group boasts such authors as Truman Capote, James Mitchell, Antonia Fraser and John le Carre.

The Times Mirror group is one of the major U.S. publishing houses with annual 1975 revenues of \$807m, generating net income in that year of \$47.2m. It publishes the Los Angeles Times, which with daily circulation of over 1m, is the second largest daily in the U.S. after the New York Times. Times Mirror also has a book and map publishing operation.

Since the forced departure of Robert Sarnoff as chief executive, RCA has lacked a certain

stability at top levels. Antony Conrad, Sarnoff's successor, was forced to retire last year after it became known that he had in fact eventually failed to file personal tax returns. The present chief executive is Mr. Edgar Griffiths. Since Mr. Sarnoff's departure, RCA has been deliberately thinning out its less profitable subsidiaries and either closing them down or seeking sellers. The huge conglomerate was already got rid of operations in food in Britain, property and of course computers in the U.S. However, Random House's profitability suggests that this sale would represent still another stage of the company's consolidation.

Merrill Lynch may expand in Asia

MERRILL LYNCH International and Co. is considering an expansion of its South East Asian operations within the next few months to deal with the growing Asian dollar market, the executive vice president said in London yesterday. Reuters reports. The move would entail opening a representative office in Hong Kong specifically to handle syndicated bank loans and other merchant banking business.

Merrill Lynch also plans to strengthen its existing investment banking presence in Hong Kong by setting up a local subsidiary to underwrite Asian dollar issues.

The availability of funds in the Asian dollar market was said to be expanding and, although the secondary market was still not fully developed, current note



\$150,000,000

Kingdom of Norway

7 3/4% Notes Due February 1, 1982

All these securities having been sold, this announcement appears as a matter of record only.

Kuhn Loeb & Co.
Incorporated

Goldman Sachs & Co.

Merrill Lynch, Pierce, Fenner & Smith
Incorporated

Salomon Brothers

The First Boston Corporation	Bache Halsey Stuart Inc.	Blyth Eastman Dillon & Co.	Dillon, Read & Co. Inc.
Drexel Burnham & Co.	Hornblower & Weeks-Hemphill, Noyes	E. F. Hutton & Company Inc.	Kidder, Peabody & Co.
Lazard Freres & Co.	Lehman Brothers	Loeb Rhoades & Co. Inc.	Paine, Webber, Jackson & Curtis
Reynolds Securities Inc.	Smith Barney, Harris Upham & Co.	UBS-DB Corporation	Warburg Paribas Becker Inc.
Wertheim & Co., Inc.	White, Weld & Co.	Dean Witter & Co.	
Arnhold and S. Bleichroeder, Inc.	Bear, Stearns & Co.	L. F. Rothschild & Co.	
Shearson Hayden Stone Inc.	Shields Model Roland Securities	Weeden & Co.	
ABD Securities Corporation	Baer Securities Corporation	Basle Securities Corporation	James Capel & Co.
Daiwa Securities America Inc.	EuroPartners Securities Corporation	Robert Fleming	
Girozentrale und Bank der osterreichischen Sparkassen	Hambros Bank	Kleinwort, Benson	
Kredietbank S.A. Luxembourgeoise	New Court Securities Corporation	The Nikko Securities Co.	
Nomura Securities International, Inc.	Scandinavian Securities Corporation	J. Henry Schroder Wagg & Co.	
SoGen-Swiss International Corporation	Vereins- und Westbank	Yamaichi International (America), Inc.	
A. E. Ames & Co.	Dominion Securities Inc.	Greenshields & Co Inc	
McLeod, Young, Weir,	Nesbitt Thomson Securities, Inc.	Wood Gundy	
Andresens Bank A/S	Bergen Bank	Christiania Bank og Kreditkasse	Den norske Creditbank
Union Bank of Norway Ltd.			

February 11, 1977



1976... significant growth

	1974	1975	1976
Consolidated pre-tax profits	£4,869	£7,370	£9,705
Profits after tax	2,442	3,562	4,652
Total Assets	550,043	716,176	998,348
Share Capital and Reserves	23,700	27,380	45,125

*including Subordinated Loan of US \$18 million subscribed 30th April 1976

- Orion Bank's Results for 1976 reflect significant growth in all areas of the bank's operations and demonstrate Orion's increasing stature as a major multinational investment bank.
- Consolidated pre-tax profits for 1976 were £9,705,000 (£4,652,000 net profit). These compare with 1975 pre-tax profits of £7,370,000 (£3,562,000 net profit) and represent an increase on the year of 31.7% before tax.
- Total Assets moved from £717,176,000 to £998,348,000, an increase of 39%.
- Capital, Subordinated Loan and Reserves now stand at £45,125,000.
- In 1976 Orion Bank managed or co-managed financings of more than US\$3 billion or the equivalent. The bank was lead manager of 8 Eurobond issues and co-manager of another 23 and also arranged 14 private placements of US\$310 million.

ORION BANK LIMITED

International Investment Banking and Leasing

Shareholders:
The Chase Manhattan Corporation
Credit Suisse Holding S.A.
The Mitsubishi Bank Limited

National Westminster Bank Limited
The Royal Bank of Canada
Westdeutsche Landesbank Girozentrale

1 London Wall, London EC2Y 3JX
Telephone: 01-600 6222 Telex: 8811837

مكتبة الامم المتحدة

COMPANIES
ver term
Barlon
Time

Entertainment Guide

OPERA & BALLET

ENGLISH NATIONAL OPERA
Tonight 7.30 Royal Hunt of the White Stag. Tomorrow 7.30 The Merry Widow. Tuesday 7.30 The Merry Widow. Wednesday 7.30 The Merry Widow. Thursday 7.30 The Merry Widow. Friday 7.30 The Merry Widow. Saturday 7.30 The Merry Widow. Sunday 7.30 The Merry Widow.

ROYAL OPERA HOUSE
Tonight 7.30 The Merry Widow. Tomorrow 7.30 The Merry Widow. Tuesday 7.30 The Merry Widow. Wednesday 7.30 The Merry Widow. Thursday 7.30 The Merry Widow. Friday 7.30 The Merry Widow. Saturday 7.30 The Merry Widow. Sunday 7.30 The Merry Widow.

THEATRES

DELPHI THEATRE 01-836 7611
Tonight 7.30. Mat. Thurs. 3.0. Sat. 5.0. 4.0.

"LONDON NIGHT OUT"
SPECTACULAR ENTERTAINING TUNES AND RACY COMEDY PRODUCTIONS.

"SLICK SUMMERTIME"
THE MUSICAL HERE HAS EVERYTHING. D. Express.

INSTANT CONFIDENT CREDIT CARD
BOOKING 01-836 7611.

LEAHY 01-836 3378
Tonight 7.30. Sat. 5.0. Sun. 5.15. Sharp. Monday 7.30. Tuesday 7.30. Wednesday 7.30. Thursday 7.30. Friday 7.30. Saturday 7.30. Sunday 7.30.

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INTERNATIONAL APPOINTMENTS

An International Computer Group requires a **MARKETING MANAGER** for Europe

A rapidly growing International Computer Group has a need for a Senior Executive to be responsible for the build up and Marketing Direction of its Small-Business-System Group.

This Group is a small but rapidly growing part of the total European operation and requires an Executive with European Marketing experience in small business systems. The ideal candidate will have had profit and loss account responsibility and be able to operate with a minimum amount of supervision.

Home Counties Age 35-45 Salary £12,000-£15,000

Please make the initial contact by telephone quoting MDEB.

Robin R. Whalley
INTERNATIONAL APPOINTMENTS (LONDON) LTD
Calder House, Telephone: 01-629 6867/8
1 Dover Street, London W1X 3PJ Cable: Interappt London W1

PROPERTY MANAGER HONG KONG

£8,000 PER ANNUM
plus company-provided apartment

To join a well-established and expanding public company in one of the world's fastest-growing cities, the Company offers a portfolio of residential properties and is also engaged in property development in Hong Kong.

The successful applicant should have had at least 5 years experience in residential leasing and real estate management. He should be between 20-35 years and should be a Chartered Surveyor or possess a B.Sc. (Estate Management). He will be directly responsible to the Managing Director for the day-to-day management of the Company's properties.

Salary will be in the region of £8,000 per annum plus a company-provided apartment, air fare from the U.K., annual leave, etc.

Applicants must include a detailed resume of experience, salary history and earliest date available to take-up the appointment. This will be treated in the strictest confidence. The Managing Director of the Company is expected to visit London during the latter part of February when candidates will be personally interviewed.

Write Box A.583, Financial Times, 10, Cannon Street, EC4P 4BY.

EXECUTIVE POSITIONS WORLDWIDE

EXECUTIVE EMPLOYMENT BULLETIN TECHEXEC
A McGraw-Hill weekly airmail bulletin for engineering and technical executives from England, Europe and U.S. jobs to which anyone newspapers and direct sources, regardless of nationality dozens of management recruit will apply.

ment advertisements / Verbatims for both bulletins positions suitable for include name and address of internationally minded advertiser, name and date of executives.

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Order with cheque specifying which bulletin you require to:
INTERNATIONAL MANAGEMENT EMPLOYMENT BULLETINS
Box 136, McGraw-Hill House, Maidenhead, Berkshire SL6 2QL, England.

LEGAL NOTICES

No. 8887 of 1977

In the High Court of Justice Chancery Division Companies Court. In the Matter of ROSCAR STEEL SCRAP & METALS CO. LTD. (the "Company") and in the Matter of the Companies Act, 1947.

NOTICE IS HEREBY GIVEN that a Petition for the Winding-up of the Company by the High Court of Justice was presented to the Court on the 14th day of February 1977, by the Liquidator of the Company, LANKO UROLOGIO HISPANO AMERICANO LIMITED whose registered office is at 1, Laurence Road, London EC4R 0BE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 17th day of March 1977, and any creditor or contributory of the said Company desiring to oppose the said Petition must appear at the time of hearing, in person or by his counsel or solicitor, and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

For the Liquidator: FORTY ROSE BOTTEZZELL & ROYCE, Solicitors, 10, Abchurch Lane, London EC4A 3AN. Tel: 01-477-1066.

Solicitors for the Petitioner.

NOTE—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention to do so, the name and address of the person, or of a firm, the name and address of the firm, and must be signed by the person, or his or her solicitor (if any), and must be served, or sent, on or reach the above-named notice not later than four o'clock in the afternoon of the 4th day of March 1977.

COMPANY NOTICES

OLYMPIUS OPTICAL COMPANY LTD.
(OLYMPIUS KOGAKU KOGYO KABUSHIKI KAISHA)
S. G. WARBURG & CO. LTD., a Depository, announce that a dividend of Yen 3.75 per Common Share of Yen 50 has been paid to shareholders of the above Company at 21st October, 1976 in respect of the six months period ended on that date. As a result the Depository Shares are entitled to a dividend of Yen 75 which converted at the Exchange Rate ruling on 4th February, 1977 of Yen 287.85 = U.S. \$1.2625947 per Depository Share.

After adding the fractional amount brought forward from the last dividend will be paid at the following rates per Depository Share—

Under deduction of 15% Japanese Withholding Tax = U.S. \$0.22
Under deduction of Japanese Withholding Tax = U.S. \$0.20
A fractional amount of U.S. \$0.00144 per Depository Share is withheld and will be added to the next dividend when paid.

Dividends of bearer Depository Receipts may be presented for payment Coupon No. 19 which becomes payable on 11th February, 1977 to S. G. Warburg & Co. Ltd., Coupon Department, St. Albans House, Goldsmith Street, London, EC3P 2DL, or at the office of any of the undermentioned Sub-Depositories subject to deduction of Japanese Withholding Tax and Income Tax (if any) at the appropriate rates. Details of tax deductions may be obtained from the Depository or Sub-DEPOSITARIES.

Name: The Bank of Tokyo Ltd., 1, New Square, Lincoln's Inn, London, W.C.2.
Address: The Bank of Tokyo Ltd., 30, Grand Street, London, EC2P 1ER.
The Bank of Tokyo Company, Algemeine Bank Nederland N.V., Banque Generale du Luxembourg S.A., Luxembourg.

11th February, 1977.

SOCIETE NATIONALE DES CHEMINS DE FER FRANCAIS

1975/1976/1981 91%
LOAN OF US\$4,000,000

The redemption on 15th March, 1977, for which a sum of US\$1,000,000 is planned, has been drawn.

The drawn bonds are numbered as follows:
18,014 to 17,013 inclusive

These bonds will be redeemable at par as from 15th March, 1977, with coupons at 15/3/78 and consecutive coupons attached.

Amount remaining in circulation after 15th March, 1977: US\$38,000,000.

Paying Agent
BANQUE DE PARIS ET DES PAYS-BAS
POUR LE GRAND-DUCHÉ DE LUXEMBOURG

NOTICE TO SHAREHOLDERS

DECLARATION OF INTERIM DIVIDEND

NOTICE IS HEREBY GIVEN that an interim dividend of 11.5 pence per share of the said Company has been declared by the Board of Directors on the 15th day of February, 1977, and that the said dividend is payable on the 22nd day of February, 1977, to the registered shareholders of the Company at the close of business on the 17th day of February, 1977.

The Dividend is payable in South African currency and Dividends payable to the holders of the said shares in United Kingdom currency calculated at the rate of exchange ruling between Rand and sterling on the 15th day of February, 1977.

Dividends payable to holders of the said shares who are resident in Great Britain or Northern Ireland will be subject to the deduction of United Kingdom Income Tax at rates to be arrived at after allowing for relief (if any) in respect of South African taxes.

The Company will, where applicable, deduct the Non-Resident Shareholders' Tax of 15 per cent. from Dividends payable to the holders of the said shares who are resident in South Africa.

Dividends payable to holders of the said shares who are resident in any other country will be subject to the deduction of the appropriate foreign tax at rates to be arrived at after allowing for relief (if any) in respect of South African taxes.

Dividends payable to holders of the said shares who are resident in any other country will be subject to the deduction of the appropriate foreign tax at rates to be arrived at after allowing for relief (if any) in respect of South African taxes.

By Order of the Board,
Registered and Transfer Office: 220, Cannon Street, London EC4A 3DF.
London Transfer Office: 15, South Street, London EC3A 7LJ.
Grandy House, 15, South Street, London EC3A 7LJ.

APPOINTMENTS

BICC

Group Audit and Special Investigations

A HEADQUARTERS audit function is now to be set up under the Finance Director, with appropriate reporting responsibilities to the Chairman and to the Finance and Audit Committee of the Board.

THE initial task will be to establish a qualified monitoring team to set up overall audit procedures in an enterprise with a world turnover in excess of £750m.

SPECIAL investigations form part of the remit and there will be ample scope for initiative and originality. The post will therefore provide an introduction to broader opportunities within BICC.

RELEVANT experience will have been obtained in a similar role either in a large multi-national company or in one of the leading international accounting firms.

AGE around 35. Salary in five figures.

Write in complete confidence to Dr. R.F. Tucker as adviser to the group.

TYZACK & PARTNERS LTD
10 HALLAM STREET LONDON WIN 6DJ
12 CHARLOTTE SQUARE EDINBURGH EH2 4JN

Commercial Development of Technical Innovation

REORGANISATION creates this new vacancy in a British based process group with extensive overseas activities and a turnover approaching £300 million.

THE head of this division will direct and motivate a multi-disciplined team engaged in identifying and evaluating areas of profitable growth through new business and new product introductions. The work will embrace projects within the group's current technology and in new fields.

THE job demands experience at senior level in marketing or commercial management. The preference is for a chemical engineering graduate whose career has included a period in development or manufacture in a process industry.

REMUNERATION will interest those earning at least £10,000. Preferred age late 30s, early 40s. Location Home Counties.

Write in complete confidence to P. T. Prentice as adviser to the group.

TYZACK & PARTNERS LTD
10 HALLAM STREET LONDON WIN 6DJ
12 CHARLOTTE SQUARE EDINBURGH EH2 4JN

INTERNATIONAL BOND & SHARE DEALER

Excellent opportunity occurs with active and compact London stockbrokers for experienced international bond and share dealer.

Reply in confidence to Box A.5877, Financial Times, 10, Cannon Street, EC4P 4BY

APPOINTMENTS WANTED

CHAIRMAN AND MANAGING DIRECTOR

of English and Foreign Companies taking early retirement seeks offers for non-Executive Directorship.

Please write Box A.5836, Financial Times, 10, Cannon Street, EC4P 4BY.

ENERGY SYSTEMS OR RELATED PRODUCTS

A British manufacturing group of companies which markets worldwide, is seeking an acquisition or interest in the field of Energy Systems or related products. Interested parties should have established outlets or products and show a successful management record in this field. Principals only please send details to:

Box E925, Financial Times, 10 Cannon Street, EC4P 4BY

CONTRACTS AND TENDERS

Democratic and Popular Republic of Algeria

MINISTRY FOR INDUSTRY AND AGRICULTURE
Société Nationale de Semouleries, Meuneries Fabriques de Pâtes Alimentaires et Couscousserie

INTERNATIONAL INVITATION TO TENDER

A tender has been launched by S. N. SEMPAC for the setting up of a unit "Produit en main" (turnkey products) or "Process de Produit en main" (turnkey products processing) to manufacture and print:

- 264 million various sized cardboard boxes
- 287 million various small bags
- 50 million miscellaneous administrative printed forms

The tender documents will be sent against payment of Dinars 200 to:

S. N. SEMPAC—Direction Générale
6, boulevard Zitout-Youcef (Algiers), Algeria.
Tenders should be sent by 30th April, 1977, at the latest. Tenderers are bound by their offers for a period of 180 days after the tender closing date.

Harnessing the energy of low-grade coal

AFTER YEARS of talk about the wonders of a new way of burning coal, largely pioneered in Britain and claimed to be tolerant of the very poor quality and the most sulphurous coals, 1977 finds Britain part of two ambitious international projects for bringing a new technology of the burning coal on a fluidised-bed to the market place. But why two? And why these projects finally launch a technology which the Central Electricity Generating Board, after a brief flirtation in the early 1960s, concluded had no place in large-scale electricity generation in Britain?

The sponsors of the project, for which two major contracts are announced to-day, aim to build a large steam-raising experiment at the National Coal Board's Grimethorpe Colliery near Barnsley. The £17m. project, originally proposed in 1969, has been planned under the aegis of the International Energy Agency and is being funded by Britain, the U.S. and West Germany. The NCB is master-minding the scheme.

The second fluidised-bed project, announced last month, involves manufacturers from Britain and Sweden working with a U.S. electrical utility to try to develop a new kind of power plant in the U.S. The idea is to marry a big fluidised-bed combustor with a gas turbine to make a 64MW generating unit. It bears more than a passing resemblance to the scheme originally proposed by the NCB for Grimethorpe.

Proponents of each project are clearly a little uncomfortable that the two should now be proceeding in parallel. Those associated with the Grimethorpe facility, who have been obliged to trim their original ambitions, see the U.S. project as one that first needs the results of their experiments. Those associated with the U.S. project are inclined to see Grimethorpe as perhaps superfluous, overtaken by their more ambitious venture.

Enthusiastic

Fluidised-bed combustion is a way of burning coal—indeed, to quote one enthusiast, "anything with a calorific value"—in a heap of very hot particles, kept bubbling by blowing air through it. Any material undamaged by heat, such as sand, will serve as the bed. Substances can then be added which will "fix" noxious impurities such as sulphur and prevent them from becoming a corrosion or pollution problem.

By burying boiler tubes in the turbulent mass, steam can

be raised under highly efficient conditions of heat transfer. This in turn means a compact kind of boiler for a given heat output, keeping down the capital cost.

It all sounds too good to be true until one looks more closely at the problems of supplanting a high-pressure steam boiler with almost 100 years of development behind it. Between 1880 and 1950 the thermal efficiency of steam-raising plants improved by a factor of ten. By around 1970, the CEBG decided that it was unlikely to order enough new coal-fired plants to justify what it saw as a ten-year development programme for an advanced-technology 660MW boiler.

This decision was probably right, notwithstanding the renaissance of U.K. coal. The domestic utilities are blessed with relatively good quality coal and have a well-established pollution control policy founded on the tall stack. The decision forced proponents of the fluidised-bed boiler to think much harder about prospective markets.

In 1972 the National Research Development Corporation brought together the NCB with two laboratories researching the system and British Petroleum, whose Sunbury research centre had been experimenting

to licence agreements. Even though the U.S. Energy Research and Development Administration is paying for work in Britain, U.S. industry's attitude tends to be "if we wait, ERDA will publish—and we won't need to pay" says one U.K. executive. So far only one overseas boiler-maker has taken a Combustion Systems licence—and he wants to remain anonymous until he is ready for the market.

But one British company, Babcock and Wilcox, believes it has enough experience of a fairly primitive, unpressurised fluidised-bed boiler to offer a range of designs commercially. For the past 18 months such a boiler has been supplying steam to its Retnew engineering works.

It has been run successfully on a variety of coals, including a very lean one from Ireland with 68 per cent ash. According to Mr. Tim Leader, managing director of Babcock power and process engineering group, the company is confident that it can offer industrial fluidised-bed boilers producing up to about 25 MW of steam at prices competitive with conventional boilers. His target is the manufacturer who wants to burn poor fuel without incurring problems in pollution control.

Technologically far more adventurous, however, is the study in which Babcock and Wilcox, part of the Swedish ASEA group, are working with a big southern U.S. utility, American Electric Power. The idea is to spend about £1m. this spring trying to decide whether the three could build an entirely new kind of powerplant for AEP. This largely coal-fired utility, under increasing pressure from air-pollution laws, is seeking a coal-fired gas turbine. The three partners believe that, with a fluidised-bed combustor, they can avoid the ferocious troubles met in the past when power station, this project has been defined more clearly in the year since it was first announced. It is now to be simply a large test facility built around an experimental combustor—in effect, a big scale-up of a rig which has been running at the NCB's Leatherhead laboratories since 1968.

Even so, it will be an impressively large facility, built on the high, and pressurised to 10 bar end of a 60 MW power station (atmosphere), with that of a linked to the electricity grid. Laval's CT 120, so that the test bed is 6.5 feet square and is running smoothly in concert under a variable electricity demand. If AEP is convinced they can do it, the utility is prepared to spend "several tens of millions of pounds" building a 64 MW demonstration

In concert

The challenge—and no one doubts that it is a formidable one in engineering terms—is to match the behaviour of a fluidised bed some 60-70 feet high, and pressurised to 10 bar end of a 60 MW power station (atmosphere), with that of a linked to the electricity grid. Laval's CT 120, so that the test bed is 6.5 feet square and is running smoothly in concert under a variable electricity demand. If AEP is convinced they can do it, the utility is prepared to spend "several tens of millions of pounds" building a 64 MW demonstration

staunch advocate of fluidised-bed combustion, argues persuasively that the results of the data from this test facility will be needed by anyone attempting the more ambitious venture of marrying the combustor with a gas turbine.

What are the chances of Grimethorpe moving steadily along this road, perhaps catching up with the U.S. project? It should prove more difficult than its backers expect? Unfortunately, the U.K. project is now fairly severely constrained for cash. At £17m., it has already cost 70 per cent more than the figure allocated by the three partners little more than a year ago. According to Mr. Granger, part of the increase is explained by "elaboration of the technical specification," and part by "a few nasty shocks" when the tenders came in.

The embarrassment caused by this sharp escalation in Grimethorpe's costs before construction has even begun has had the effect of focusing sights firmly upon meeting the targets laid down. The first target is to start commissioning and testing the facility by the end of 1977. But Leslie Granger still firmly believes that quite independently, Britain should be starting to plan a national effort to capitalise on its experience with the pressurised fluidised-bed combustor and on its stake in Systems sees the venture as the next logical step for a develop-

ment which in the view of the gas turbine makers has gone just about as far as it can with experimental rigs. It will plunge them into unexplored areas of air-coupled combustor and turbine, which will certainly call for sophisticated controls and may call for major modifications to the turbine—even turbines of an entirely new kind.

Somewhat less enthusiastic are those in charge of the kind of powerplant for AEP. This largely coal-fired utility, under increasing pressure from air-pollution laws, is seeking a coal-fired gas turbine. The three partners believe that, with a fluidised-bed combustor, they can avoid the ferocious troubles met in the past when power station, this project has been defined more clearly in the year since it was first announced. It is now to be simply a large test facility built around an experimental combustor—in effect, a big scale-up of a rig which has been running at the NCB's Leatherhead laboratories since 1968.

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THE PORTUGUESE PREMIER IS DUE IN LONDON ON MONDAY

A fight to hold things together

BY DIANA SMITH, LISBON CORRESPONDENT

DR. MARIO SOARES, Prime Minister of Portugal, flies to London on Monday to begin a tour of Common Market capitals. He has one aim—to muster support for his dream of taking Portugal into Europe as a full partner.

If the dream fails Portugal's economic future will be even bleaker than its economic present. The muted, heavily qualified "perhaps" granted by EEC Foreign Ministers this week to Portugal's aspirations reflects European doubts that this country can shore up its crippled structures in time to become a viable partner meeting EEC standards, free circulation of money, merchandise, manpower, and competition.

Dr. Soares is a fighter. Now an energetic 52, he led non-Communist opposition to the regime overthrown in 1974, suffering imprisonment and exile for his beliefs. He surrounds himself with none of the mystique or minions common to many heads of Government: he detests ostentatious security arrangements and has never shunned physical risk.

He is also an in-fighter, wheedling, blustering, even threatening backstage to gain a point or a victory. He does not like criticism, and has been shown at his most vulnerable and least judicious when political opponents or dissidents from his own party question his authority.

Dr. Soares spoke this week to the Financial Times of his hopes and problems, making it clear that he stakes his and Portugal's future on getting the country into Europe. He knows he can rely on moral support from Britain, Portugal's oldest ally, which is avowedly sympathetic to a European bid. He realises moral support is all he can expect, in view of Britain's own financial woes.

Recalling that he and his party led the resistance of the Portuguese people to a Communist takeover in 1973, Dr. Soares said "Portugal almost became Europe's worst problem since World War II. What would have become of the balance of power if the Communists had taken over here? We're a European nation after all—the EEC can't just be a club of rich countries."

As for often-voiced doubts about Portugal's ability to bear the economic burdens of joining Europe, Dr. Soares conceded that his country lagged far behind and would take years to catch up. But, he said, things were improving, production had picked up (by 4.5 per cent last year after a 10 per cent drop in 1975), the Government was cutting public spending and doing its best.

The Prime Minister stressed Portugal's need for urgent financial aid: "Our worst problem right now is money," he said. "We need money to buy time to put our house in order."



Dr. Mario Soares

The \$1.5bn. consortium loan Portugal hopes to receive through the IMF is a key factor, he said.

Dr. Soares hopes that Portugal will soon receive a firm political decision to let it enter Europe: with that moral boost, the nation can then take on the difficult period of transition, which, he recognises, could last ten years or more.

Aid from Europe or elsewhere may help to buy time. "A perhaps"—no matter how qualified—may help Government and business morale, but immediate problems could shatter the European dream

from the outset. The foreign debt now totals nearly £2bn., Portugal must import \$550m. worth of food this year. Inflation is rampant, at nearly 30 per cent, public discontent is growing and preparing the ground for extremist manipulation of disgruntled wage-earners and their families.

Some 85 per cent of Portuguese labour adheres to the Communist-controlled General Confederation of Portuguese Workers, which has bitterly complained about the soaring cost of living.

A wave of strikes of Communist backed unions (fishermen, textile workers and a threatened stoppage next week of civil servants) is disrupting the economy.

The communications gap between Government and workers, even Socialist supporters, however, is widening, not least because real wages rose by only 11 per cent while prices in Lisbon rose by 26 per cent last year. The extreme Right is turning aggressive—"dropping the mask and using tactics that would have been unheard of two years ago," as Dr. Soares put it. The Prime Minister admitted that if inflation spiralled, if the Government could not control prices, if disenchantment of housewives were to swell, the threat of a coup from the extreme Right or indeed extreme Left would be very real.

As for the Communist Party, Dr. Soares (who has favoured discreet, cautious contacts with other European Communists) implied that it was out on a limb as far as Europe was concerned, bent on a course which French, Spanish and Italian Communist parties had discarded.

Dr. Soares was dismissive of recent hints that his Government could be effectively replaced by a strong presidential regime or a "government of the competent" favoured by his nearest rivals the Social Democrats PSD/PPD, some of whose members hint that the country could dispense with Parliament. The Prime Minister is performing a balancing act to keep his majority Government in power. That demands arduous negotiation to ensure that Socialists are not voted down in the Assembly, where they have 105 of the 263 seats (with 71 for the PSD/PPD, 41 for the Christian-Democrat CDS and 40 for the Communists) thus incurring a constitutional crisis. The need to survive produces strange alliances—like the current one with the Christian Democrats, the Socialists' only voting partners now that the PSD/PPD is in active opposition.

No one is sure whether Mario Soares' energy and courage can compensate for Portugal's weaknesses, or persuade doubting EEC governments that he can make Portugal healthy enough to join the European Community.

THE FRENCH NORTH BEFORE THE LOCAL POLLS

Tensions on the left

BY JOHN ARDAGH

NEW STYLE "Liberal reds" begin at Calais. At the matric with its giant belly, suitably pinky-red, the young Communist mayor, M. Jacques Barthe—handsome and bouffant—is a plausible exponent of Communism with a smile.

He was keen to be quoted "Unemployment here is nearly 8 per cent. Our lace firms had 10,500 workers a decade ago to-day, there are 4,500. And the new chemical factories, British and others, do not fill the gap. So, I am a realist: I want lots more private industry in Calais, quickly—and please put that in your capitalist paper."

Then he said, turning to the municipal elections on March 13: "Our headache round here is the Socialists. They are cheating—disobeying the national pact for joint lists of candidates in many local communes they are demanding far more than their shares of names, and we say 'no.' So on the first round there will not be joint lists. This feeding damages the image of the Left."

In the Nord-Pas-de-Calais region with its population of 3.9m., Socialists and Communists are not taking kindly to the alliance imposed on them from Paris. But they can almost afford the luxury of their disarray, for they already rule the roost in the area and are set to make further progress—such as the voters' disenchantment with the Government.

That is one irony. Another is that the influx of modern industry (cars, chemicals, electronics, etc.) which for some years has been arriving to take over from the declining sectors (coal-mining, textiles) is now fast drying up, and not only because of world economic factors. Investors, as elsewhere in France, are scared by the Left and waiting for the outcome of the

general election a year ahead. So, across this flat and dreary winter landscape, from the coal-pits of Bethune to the slums of Valenciennes where the looms are falling silent, and on to Valenciennes where some steel furnaces are closing, the swell of popular excitement at the prospect of a Government of the Left is coupled with sharp economic anxiety.

The man at the centre of these contradictions is M. Pierre Mauroy, 48, likeable and liberal mayor of Lille, number two in the Socialist Party, president of the regional council, and much the most powerful figure in these parts. "As a Lille business man said: 'It's absurd of Mauroy—and I tell him so—to denounce capitalism in the name of the Left, and then to turn round and complain that so little new private industry is coming to the rescue of this struggling region. He can't have it both ways.'"

Jovial

But for the time being he is trying to. The burly, jovial, unassuming mayor was unexpectedly nationally before he became député-maire in 1973. Since then, thanks to his energy, practicality, ability to draw the best out of people, and loyalty to M. Francis Mitterrand, the party leader, he has shone to the front. But if M. Mitterrand, as is rumoured, were to decide after a victory in 1978 to "hold himself in reserve for the Presidency," then M. Mauroy might soon be Prime Minister, or even President in 1981 if M. Mitterrand, then 63, were to stand down.

There are those who feel that M. Mauroy might not have the stature for this. But at least in local affairs, his effect on the Lille Socialist régime under the

previous mayor was aloof and secretive. M. Mauroy breezily invited people of every opinion to join him in practical civic tasks. His door is ever open to journalists, no one escapes his hefty handshake and, as a Lille put it: "He runs this town as if managing some big holiday camp."

How can this reformist, social-democrat and staunchly pro-European not only be outwardly loyal to the alliance with the Communist Party (PCF), but even have helped to create it? On the record he is bland reassurance: "I believe the PCF really is changing," he says. "Being out of power all these years has kept it so hermetic. Once it shares in the practical tasks of governing, it will open out further and become like us, you'll see. If not, if it goes back to its hard line, then we shall rethink."

In private he does not hide his misgivings, so it is said. But he has chosen his public path; and such is the tragedy of current French polarisation that this brings him into frontal opposition, politically, with the very people—reformists of the centre—who liberal views he largely shares and whose collaboration he courts in civic affairs.

M. Mauroy has taken ten Communists on to his campaign list at Lille, and from his position of strength can make them toe the line. But there is not much love lost, nor has he succeeded in imposing the discipline of unity in the region as a whole. Here in the Nord the Communists are still referred to as les bolchevs ("bolshies") by older Socialists; and in many towns, notably in the mining belt, the Socialist Party (PS) is traditionally the party of the Right, voted for by the bourgeoisie in order to keep out "the Reds."

So there are strange dramas to-day in many towns. At Cambrai, the old outgoing Socialist mayor is setting up a list in alliance with the Gaullist-Giscardist "majority" of Paris politics, because the Party has replaced him with a younger man ready to work with the PCF. At Hautbourdin, near Lille, 13 Socialist councillors have worked happily for years in coalition with a Communist mayor; they have now left the party and are campaigning on a neutral ticket alongside the mayor, because a new lot of Socialists have formed a list with the PCF. The old lot are expected to win, for they are familiar and have served the town well.

The most one can say is that the Left may not advance here as much as in some other parts of France, next month. But it will not fall back, and it already holds nearly all larger towns, and 27 of the region's 37 parliamentary seats. The majority is keeping a low profile. Its one leader of repute, M. Norbert Segard, ebullient Minister of Posts, is expected to come a cropper in his bid to unseat M. Mauroy at Lille. For all its support, especially the Socialist, White collar workers are the main converts: workers vote Left already.

The business world, the patronat, alleges that the Government has recently lost interest in the Nord for electoral reasons. The feeling is that the regime has decided to cut its losses in the Nord, and to direct available funds and effort towards areas such as the West and Massif Central where there are many marginal seats to defend. There may be some truth in this. The patronat also accuses the Left of frightening away new investment. For example, Pechiney's project for a chemicals plant at

Bruyas has been hanging fire since 1974.

When I asked M. Mauroy for his comments, he said: "They are being silly; they should take the risk. We shall still encourage private industry here, and that is not incompatible with Socialism. All we want is for the State to take a stronger lead." He explained that his own solution for the region's economic ills would be the creation of a regional equivalent of something like Italy's IRI led consortium, including local and private interests.

Counter-plan

The State, he says, must exercise leadership, by implanting its own industries. Whether or not Mauroy's plan might have any future, at present one trouble is that the Left-controlled regional council, which he chairs, is often at odds with the Prefect on local projects. The Prefect puts forward a plan: the council tries to block it with a counter-plan.

This region offers such examples of how the French expansion since the war, fruit of a kind of consensus, is today being stymied less by global recession than by the political stalemate. It is a trend that alarms many on the Left as well as the patronat. At Calais, M. Barthe said "Yes, I fear that our policies are making investors hesitate. But please, please explain to your readers that really we'd nationalise very little at first, oh yes, and we'd still welcome foreign investment."

"And besides," he added, straight-faced, "our victory in 1978 is no more than a mere possibility." The softest of smiles. Almost as if he were hoping for

Notice of Redemption

Occidental Overseas Capital Corporation

9 1/2% Guaranteed Sinking Fund Debentures Due March 15, 1982

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Fiscal Agency Agreement dated as of March 15, 1970 under which the above described Debentures were issued, Citibank, N.A., formerly First National City Bank, as Fiscal Agent, has drawn for redemption on March 15, 1977, through the operation of the sinking fund provided for in said Fiscal Agency Agreement, \$4,071,000 principal amount of Debentures of the said issue of the following distinctive numbers:

COUPON DEBENTURES OF \$1,000. RESIDUAL AMOUNT OUTSTANDING

M 2	1481	2900	4075	5748	7375	8870	10441	11895	13296	15014	16651	17845	19270	20748	22113	23390
3	1489	2901	4089	5756	7383	8878	10439	11893	13294	15012	16649	17843	19268	20746	22111	23388
4	1497	2909	4097	5764	7391	8886	10447	11901	13302	15020	16657	17851	19276	20754	22119	23396
5	1505	2917	4105	5772	7399	8894	10455	11909	13310	15028	16665	17859	19284	20762	22127	23404
6	1513	2925	4113	5780	7407	8902	10463	11917	13318	15036	16673	17867	19292	20770	22135	23412
7	1521	2933	4121	5788	7415	8910	10471	11925	13326	15044	16681	17875	19300	20778	22143	23420
8	1529	2941	4129	5796	7423	8918	10479	11933	13334	15052	16689	17883	19308	20786	22151	23428
9	1537	2949	4137	5804	7431	8926	10487	11941	13342	15060	16697	17891	19316	20794	22162	23436
10	1545	2957	4145	5812	7439	8934	10495	11949	13350	15068	16705	17900	19324	20802	22173	23444
11	1553	2965	4153	5820	7447	8942	10503	11957	13358	15076	16713	17908	19332	20810	22184	23452
12	1561	2973	4161	5828	7455	8950	10511	11965	13366	15084	16721	17916	19340	20818	22195	23460
13	1569	2981	4169	5836	7463	8958	10519	11973	13374	15092	16729	17924	19348	20826	22206	23468
14	1577	2989	4177	5844	7471	8966	10527	11981	13382	15100	16737	17932	19356	20834	22217	23476
15	1585	2997	4185	5852	7479	8974	10535	11989	13390	15108	16745	17940	19364	20842	22228	23484
16	1593	3005	4193	5860	7487	8982	10543	11997	13398	15116	16753	17948	19372	20850	22239	23492
17	1601	3013	4201	5868	7495	8990	10551	12005	13406	15124	16761	17956	19380	20858	22250	23500
18	1609	3021	4209	5876	7503	8998	10559	12013	13414	15132	16769	17964	19388	20866	22261	23508
19	1617	3029	4217	5884	7511	9006	10567	12021	13422	15140	16777	17972	19396	20874	22272	23516
20	1625	3037	4225	5892	7519	9014	10575	12029	13430	15148	16785	17980	19404	20882	22283	23524
21	1633	3045	4233	5900	7527	9022	10583	12037	13438	15156	16793	17988	19412	20890	22294	23532
22	1641	3053	4241	5908	7535	9030	10591	12045	13446	15164	16801	17996	19420	20898	22305	23540
23	1649	3061	4249	5916	7543	9038	10599	12053	13454	15172	16809	18004	19428	20906	22316	23548
24	1657	3069	4257	5924	7551	9046	10607	12061	13462	15180	16817	18012	19436	20914	22327	23556

FARMING AND RAW MATERIALS

U.S. bid to boost animal feed supply

A FURTHER move to encourage U.S. farmers to switch out of commercial grain production and into livestock feed was made today when Representative Keith Sabelius (Rep. Kansas) introduced a Bill which would allow wheat farmers to designate up to 10 per cent of their wheat acreage allotment as grazing land or for hay production.

EEC farmers seek 7.4% average rise in prices

AN INCREASE of 7.4 per cent for 1977-78 EEC farm prices was essential to "avert a further decline in farm income and the standard of living of the European farming community," claimed Sir Henry Plumb, president of the European Farmers' Organisation, COPA, here today.



Sir Henry Plumb

Sir Henry, who is also president of the U.K. National Farmers' Union, described COPA demands as a "very justifiable and reasonable request." He was speaking at the eve of a decision by the EEC Commission's 13-man executive on what farm price increases it will recommend to the Council of Agricultural Ministers.

The Commission in Brussels is latest speculation in Brussels that Mr. Franz Gendelach, the new Commissioner for Agriculture, will recommend less than a 4 per cent average price rise to his Commission colleagues with national variations achieved through "green" currency adjustments.

General decline in base metals

TIN VALUES eased on the London Metal Exchange yesterday in a general decline in base metal prices. Nervous selling by speculators pushed the cash price of tin down by £42.5 to £9,912.5 a tonne at the close after the market had opened on a bearish note.

Japan cotton cartel planned

THE JAPAN Spinners Association said today that it would seek Government approval for its plan to form a cartel to cope with falling prices and rising stocks of unsold cotton.

Downturn in cocoa market

By Richard Mooney AFTER RECOVERING from an early fall cocoa prices on the London terminal market were hit by profit-taking and chartist selling yesterday afternoon and the May position ended £59 down on the day at £2,424 a tonne after realising £2,948 at one stage.

BP backs spraying equipment contest

BRITISH PETROLEUM announced yesterday a competition aimed at encouraging the development of equipment for utilising the controlled droplet application and ultra-low volume methods of spraying herbicides, fungicides and insecticides.

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Hazards of trendy crop chemicals

IN SPITE of the depressing tone of my article last week, I started field operations on Monday by applying nitrogen fertilizer to a pasture. This was the first time for me that I have used a chemical fertilizer since I had come into my possession. The temperature was six degrees centigrade—a level at which growth is said to start.

Tramlines

It is probably because cereal prices are so much higher that we buy these new products. There is a theoretical advantage in using them which could at times be justified, but even then the benefits are not very apparent. If we are at all obtuse about their advantages there seems to be a horde of well-educated and polite young men swarming through the countryside, trying to make us aware of the benefits of using their particular product.

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Converted bulk carrier ready to repair cable

THE 10,000-TON Stag Line bulk carrier, Photinia, sails from the Tyne at the end of next week for its four-month conversion to a cable ship.

COMMODITY MARKET REPORTS AND PRICES

Table with columns for Commodity, Unit, and Price. Includes items like Tin, Copper, and Zinc.

Table with columns for Commodity, Unit, and Price. Includes items like Rubber, Soybean Meal, and Sugar.

RUBBER

Table with columns for Commodity, Unit, and Price. Includes items like Natural Rubber and Synthetic Rubber.

SOYBEAN MEAL

Table with columns for Commodity, Unit, and Price. Includes items like Soybean Meal and Soybean Oil.

PRICE CHANGES

Table with columns for Commodity, Unit, and Price Change. Includes items like Tin, Copper, and Zinc.

U.S. Markets

Table with columns for Commodity, Unit, and Price. Includes items like Coffee and Cocoa.

H Hentz & Co Limited

has adopted the name of its parent

SHEARSON

Shearson Hayden Stone Limited Gillett House 55 Basinghall Street London EC2V5ED England 01-606 3803 This change is effective February 14th 1977

COCOA

Values raised through the day with progressive building from jobbers and Commission Houses. The tone of the day was bearish steady, reports C. Carver.

SUGAR

LONDON DAILY PRICE (raw sugar) 112.50 (same) a ton for Feb-March shipment. The London terminal market held steady in quiet trading conditions, reports C. Carver.

PALM OIL

LONDON PALM OIL MARKET. Closing prices: Feb. 1977-78, 100.00; Mar. 1977-78, 100.00; Apr. 1977-78, 100.00.

FINANCIAL TIMES

Table with columns for Date, Index, and Value. Includes items like FTSE 100 and Dow Jones.

Advertisement for Hentz & Co Limited, featuring text about their name change and contact information.

Advertisement for Shearson Hayden Stone Limited, featuring text about their name change and contact information.

Advertisement for COCOA, featuring text about market conditions and prices.

Advertisement for SUGAR, featuring text about market conditions and prices.

Advertisement for PALM OIL, featuring text about market conditions and prices.

Advertisement for FINANCIAL TIMES, featuring text about market conditions and prices.

Advertisement for RESTAURANTS, featuring text about dining options and contact information.

Advertisement for Somewhere Different for Lunch?, featuring text about dining options and contact information.

Advertisement for GRAINS, featuring text about market conditions and prices.

Advertisement for WOOL FUTURES, featuring text about market conditions and prices.

Advertisement for MEAT/VEGETABLES, featuring text about market conditions and prices.

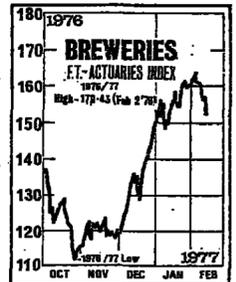
Advertisement for SWAZILAND CUTS SUGAR OUTPUT, featuring text about market conditions and prices.

STOCK EXCHANGE REPORT

Gilts advance afresh on lower public sector borrowing Firmer equities helped by new bids—Index up 1.8 at 389.7

Account Dealing Dates... First Declared Last Account... Dealings tons Dealings Day... Overnight nervousness in stock markets concerning the phase three wage negotiations was less in evidence yesterday despite more demands for a return to free collective bargaining.

Shares up to a 1976-77 peak of 401p, before easing back into a close unaltered on balance at 389.7... Breweries continued to lose ground, sentiment being aggravated by reports that the industry's prices and profits are to be referred to the Prices Commission.



Decca down again

A disappointing set of second-quarter figures from its American subsidiary Capital Industries-EMI Inc. upset EMI which closed 3 to 214p in Electricities.

Ledlie made a fresh 1976-77 low of 31p, down 1... W. J. Pyke provided an outstanding feature in Foods, rising 12 to 35p in active trading; the preliminary figures are expected next Tuesday.

FINANCIAL TIMES STOCK INDICES table with columns for various indices like Government Securities, Fixed Interest, Industrial Ordinary, etc., and their values for Feb 10, Feb 9, Feb 8, Feb 7, Feb 6, Feb 5, Feb 4, Feb 3, Feb 2, Feb 1, 1977.

HIGHS AND LOWS table with columns for High and Low values for various stock categories like Govt. Sec., Fixed Int., Ind. Ord., and Gold Mines.

Properties were beneficiaries of the time demand which developed in some volume for certain stocks, including MEPC, up 3 to 41p, and English, 2 higher at 41p.

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Large table of F.T.—ACTUARIES SHARE INDICES. It is divided into EQUITY GROUPS and FIXED INTEREST. Each group lists various sub-sections with columns for Index No., Day's Change, and other metrics. It also includes a 'Risks and Losses Index' and 'Since Completion' data.

ACTIVE STOCKS

Table of Active Stocks listing various stocks like BP, BP Oil, ICI, etc., with columns for Denomination, No. of Shares, Closing Price, and Change.

NEW HIGHS AND LOWS FOR 1976/77

Table of New Highs and Lows for 1976/77, listing various stocks and their high and low prices for the period.

OPTIONS TRADED

Table of Options Traded listing various options like Calls, Puts, and their respective prices and changes.

BASE LENDING RATES

Table of Base Lending Rates listing various banks and their lending rates for different terms.

MONEY MARKET

Interest rates steady

Bank of England Minimum Lending Rate 12 per cent. (since February 3, 1977)... Short-term fixed period interest rates remained steady in the London money market yesterday, with discount houses buying rates for three-month Treasury bills finishing unchanged at 11-1/2 per cent.

RISES AND FALLS

Table of Rises and Falls listing various stocks and their price movements, categorized into British Funds, Foreign Funds, etc.

CORAL INDEX

Table of Coral Index listing various stocks and their index values.

INSURANCE BASE RATES

Table of Insurance Base Rates listing various insurance policies and their rates.

AUTHORISED UNIT TRUSTS

مكتبة العربي

Table of financial data for various unit trusts, including Abbey Unit Tr. Mgrs. Ltd., Bridge Fund Managers, and Discretionary Unit Fund Managers.

Table of financial data for unit trusts, including H.H. Samuel Unit Tr. Mgrs. Ltd., N & G Group, and NEL Trust Managers Ltd.

Table of financial data for unit trusts, including Save & Prosper Group, Target Unit Mgrs. Ltd., and various international and domestic funds.

Table of financial data for unit trusts, including various international and domestic funds, and a section for 'Notes' at the bottom.

Table titled 'FOOD PRICE MOVEMENTS' showing price changes for various food items like Bacon, Butter, Eggs, Lamb, Mutton, and Poultry.

INSURANCE, PROPERTY, BONDS

Large table listing various insurance, property, and bond companies and their financial details.

Ziebart Licensees Wanted - Advertisement for Ziebart (G.B.) Ltd. seeking licensees in the UK.

City of London - Annual Review - Report from the City of London on its annual performance and financial outlook.

Table titled 'OFFSHORE AND OVERSEAS FUNDS' listing various international investment funds and their details.

THE BANKER - Advertisement for 'THE BANKER' magazine, February issue on sale now.

NOTES - Additional notes and information related to the financial data presented in the table.

FT SHARE INFORMATION SERVICE

DRIVERS JONAS Chartered Surveyors London Aberdeen Milan

BRITISH FUNDS

Table of British Funds with columns for Stock, Price, Div. Yield, and T.M. Yield.

Over Fifteen Years

Table of funds with over fifteen years of history, including Treasury Stock, Overseas, and Diversified funds.

Over Ten Years

Table of funds with over ten years of history, including various equity and bond funds.

Over Five Years

Table of funds with over five years of history, including various equity and bond funds.

Over Two Years

Table of funds with over two years of history, including various equity and bond funds.

Over One Year

Table of funds with over one year of history, including various equity and bond funds.

Over Six Months

Table of funds with over six months of history, including various equity and bond funds.

Over Three Months

Table of funds with over three months of history, including various equity and bond funds.

Over One Month

Table of funds with over one month of history, including various equity and bond funds.

Over One Week

Table of funds with over one week of history, including various equity and bond funds.

Over One Day

Table of funds with over one day of history, including various equity and bond funds.

Over One Hour

Table of funds with over one hour of history, including various equity and bond funds.

Over One Minute

Table of funds with over one minute of history, including various equity and bond funds.

Over One Second

Table of funds with over one second of history, including various equity and bond funds.

Over One Millisecond

Table of funds with over one millisecond of history, including various equity and bond funds.

CANADIANS

Table of Canadian stocks with columns for Stock, Price, Div. Yield, and T.M. Yield.

BANKS AND HIRE PURCHASE

Table of banks and hire purchase companies with columns for Stock, Price, Div. Yield, and T.M. Yield.

CHEMICALS, PLASTICS

Table of chemical and plastic companies with columns for Stock, Price, Div. Yield, and T.M. Yield.

BEERS, WINES AND SPIRITS

Table of beer, wine, and spirit companies with columns for Stock, Price, Div. Yield, and T.M. Yield.

LOANS (Miscel)

Table of various loan companies with columns for Stock, Price, Div. Yield, and T.M. Yield.

FOREIGN BONDS & RAILS

Table of foreign bonds and rail stocks with columns for Stock, Price, Div. Yield, and T.M. Yield.

AMERICANS

Table of American stocks with columns for Stock, Price, Div. Yield, and T.M. Yield.

BUILDING INDUSTRY - Continued

Table of building industry companies with columns for Stock, Price, Div. Yield, and T.M. Yield.

CHEMICALS, PLASTICS

Table of chemical and plastic companies with columns for Stock, Price, Div. Yield, and T.M. Yield.

BEERS, WINES AND SPIRITS

Table of beer, wine, and spirit companies with columns for Stock, Price, Div. Yield, and T.M. Yield.

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AMERICANS

Table of American stocks with columns for Stock, Price, Div. Yield, and T.M. Yield.

DRAPERY AND STORES - Continued

Table of drapery and store companies with columns for Stock, Price, Div. Yield, and T.M. Yield.

CHEMICALS, PLASTICS

Table of chemical and plastic companies with columns for Stock, Price, Div. Yield, and T.M. Yield.

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Table of foreign bonds and rail stocks with columns for Stock, Price, Div. Yield, and T.M. Yield.

AMERICANS

Table of American stocks with columns for Stock, Price, Div. Yield, and T.M. Yield.

ENGINEERING - Continued

Table of engineering companies with columns for Stock, Price, Div. Yield, and T.M. Yield.

CHEMICALS, PLASTICS

Table of chemical and plastic companies with columns for Stock, Price, Div. Yield, and T.M. Yield.

BEERS, WINES AND SPIRITS

Table of beer, wine, and spirit companies with columns for Stock, Price, Div. Yield, and T.M. Yield.

LOANS (Miscel)

Table of various loan companies with columns for Stock, Price, Div. Yield, and T.M. Yield.

FOREIGN BONDS & RAILS

Table of foreign bonds and rail stocks with columns for Stock, Price, Div. Yield, and T.M. Yield.

AMERICANS

Table of American stocks with columns for Stock, Price, Div. Yield, and T.M. Yield.

INDUSTRIALS - Continued

Table of industrial companies with columns for Stock, Price, Div. Yield, and T.M. Yield.

CHEMICALS, PLASTICS

Table of chemical and plastic companies with columns for Stock, Price, Div. Yield, and T.M. Yield.

BEERS, WINES AND SPIRITS

Table of beer, wine, and spirit companies with columns for Stock, Price, Div. Yield, and T.M. Yield.

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Table of various loan companies with columns for Stock, Price, Div. Yield, and T.M. Yield.

FOREIGN BONDS & RAILS

Table of foreign bonds and rail stocks with columns for Stock, Price, Div. Yield, and T.M. Yield.

AMERICANS

Table of American stocks with columns for Stock, Price, Div. Yield, and T.M. Yield.

Conversion factor 0.7002 (6.7833)

مكتبات الامم المتحدة

INDUSTRIALS—Continued

Table of industrial stocks including Lloyds, Light & Heat, and various engineering firms. Columns include Stock, Price, and % Change.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including BSA, Daimler-Benz, and various engine manufacturers.

PROPERTY—Continued

Table of property stocks including various real estate and land development companies.

TRUSTS—Continued

Table of trust stocks including various investment and management trusts.

NOMURA The Nomura Securities Co., Ltd. London Office: 100, Cannon Row, London, E.C.4.

MINES—Continued

Table of mine stocks including Central African and Australian mines.

AUSTRALIAN

Table of Australian stocks including various local companies.

TINS

Table of tin stocks including various tin mining and processing companies.

COPPER

Table of copper stocks including various copper mining companies.

MISCELLANEOUS

Table of miscellaneous stocks including various small companies.

RUBBERS AND SISALS

Table of rubber and sisal stocks including various plantation companies.

TEAS

Table of tea stocks including various tea trading companies.

INDIA AND BANGLADESH

Table of Indian and Bangladeshi stocks including various regional companies.

SRI LANKA

Table of Sri Lankan stocks including various local companies.

AFRICA

Table of African stocks including various regional companies.

INSURANCE

Table of insurance stocks including various insurance companies.

PROPERTY

Table of property stocks including various real estate companies.

TORACOES

Table of tobacco stocks including various tobacco companies.

TRUSTS, FINANCE, LAND

Table of trust, finance, and land stocks including various investment and land companies.

NOTES

Notes section containing various financial notices, company announcements, and market commentary.

REGIONAL MARKETS

Table of regional market data including various regional stock indices and prices.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks including various precious metal companies.

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Ireland contests U.K. rights to oil areas in new licences

By RAY DAFTER IN LONDON AND GILES MERRITT IN DUBLIN

THE LATEST allocation of offshore oil exploration licences has caused a diplomatic row between the British and Irish Governments as well as caused some confusion among potential licensees.

In diplomatic exchanges, which look like developing into a major row, the Dublin Government is claiming that two blocks awarded to British Petroleum and the British National Oil Corporation lie in Irish concessionary areas.

At the same time British Gas Corporation is waiting for the decision relating to its joint licence applications with Amoco. Mr. Anthony Wedgwood Benn, Energy Secretary, refused to grant Amoco any licences because of the company's failure to agree outline state participation terms for existing licences.

As a result those applications made by British Gas which involved its traditional partner Amoco, were also rejected.

although other British Gas applications were successful. Gas Corporation officials are said to be confused by the unprecedented situation although it is felt in some quarters of the industry that Amoco and the Energy Department might yet reconcile their differences which are not thought to be very great.

The Anglo-Irish dispute concerns blocks 137/15 and 137/11 which are, according to an official order issued by the Dublin Government last week, also designated as 5/15 and 6/11 in the Irish sector.

The row follows last week's dispute over Rockall. Here the Dublin authorities issued new designation orders claiming potential oil-bearing structures close to the Rockall Bank.

According to officials in Dublin, Britain's decision to "ignore" Ireland's counter-designations risks bringing to a head the question of offshore areas now disputed by the two Governments.

Irish officials state that Dublin is "studying" the position, but

unofficially the indications are that as a first step Dublin authorities will formally write to BP and BNOG to warn them against committing themselves to expensive drilling operations in the contested blocks.

Within BP, however, it is thought unlikely that any drilling in this territory will begin before next year. BP took the view that it had been assured by the Government that the U.K. licences had been awarded by competent licensing authority.

Within Whitehall it was being stressed that the blocks were designated in the U.K. sector in 1971, some three years before Ireland drew its claimed median line. It was in 1974 that Britain refused an Irish request that the contested area should not be offered for licensing.

Basically, the British Government argues that Ireland is unjust in ignoring the U.K. jurisdiction over the Continental Shelf surrounding the Outer Hebrides and the Scilly Isles.

The Irish Government hopes that continued pressure on Britain to accept an independent arbitration on the various disputed offshore areas will be effective. Ireland first pushed for arbitration in April last year, but officially Britain is still considering the matter.

British Petroleum is to drill a deep-water well in the most northerly licence area under a new agreement, announced yesterday, with the Enjay Holdings group as part of a deal giving BP a 65 per cent. stake in block 211/2, about 30 miles north of its Magnus Field, the company is to sink a deep test well. The block covers water depths in excess of 1,100 feet.

Entry is owned by Peyto Oils of Calgary (40 per cent.); Pitcairn Incorporated (25 per cent.); Scottish American Investment Trust (17.5 per cent.); Gresham Trust (7.5 per cent.); Westburne Petroleum and Petroleum (2.5 per cent.); and Joynton-Hicks (2.5 per cent.).

Brewers attack price rise inquiry

By Elinor Goodman, Consumer Affairs Correspondent

THE BREWERS' SOCIETY last night attacked the Government's decision to refer beer to the Price Commission as a "needless, unwarranted, time-consuming exercise" which called into question the integrity of the Government's "so-called industrial strategy."

The reference would, the society said, raise doubts about the sincerity of the Government's claim that it wanted to see British industry prosper and make enough profits to stimulate investment.

Without making any direct threat, the society, whose members are planning to invest £300m. a year for the next three years, warned that the industry's confidence would be adversely affected by the decision, which will cover prices and margins in the manufacture and distribution of beer through licensed outlets, marks a victory for Mr. Roy Hattersley, Secretary of Prices, over Mr. John Silkin, Minister of Agriculture.

Mr. Hattersley, still smarting from his recent dispute with the bakers, has wanted to refer beer to the commission for some months but Mr. Silkin, whose department is the sponsor of the industry, has been strongly opposed to the move.

The Minister of Agriculture believed that to interfere in the short term on prices would be at odds with the Government's industrial strategy and could jeopardise any prospect of getting planning agreements with the brewers.

Concern

The dispute between the two Ministers is understood to have been resolved earlier this week at a meeting with other Ministers.

Though it is customary for the Prices Department to consult the sponsoring Ministry before making a reference to the commission, this is believed to be the first time other Ministers have been involved.

Announcing the investigation yesterday, Mr. Hattersley stressed that the reference did not imply that prices were unjustified or that there was evidence of profiteering.

It was clear, however, that the level of public concern about beer had remained high and that any inquiry was necessary to establish the facts.

The brewing companies, many of whom recently put up prices by 1p a pint, feel the reference was primarily politically motivated.

The TUC has apparently supported Mr. Hattersley's case for investigating beer prices as the whole issue of price policy is at a very delicate stage.

Tougher

There is now some doubt on whether the Government will be able to unveil next week in any great detail its proposals for replacing in the summer the present code with a more flexible system.

There is concern that if the Government were to announce specific details of its proposals now, it could precipitate an adverse reaction from the TUC, thus making negotiations over wages even more difficult.

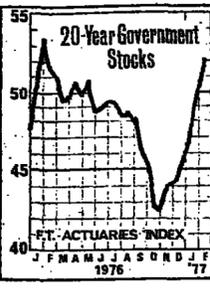
As the Government's plans stand at the moment, the idea is to scrap the present price code and replace it with a system of special investigations into prices.

These would be more wide ranging than the present Price Commission enquiries and would be backed up by tougher powers to order price cuts.

THE LEX COLUMN

Brewers stand in the dock

Index rose 1.8 to 389.7



Despite the stock market's swing back in favour of domestic sectors, the brewers have underperformed badly since the turn of the year (by about 7 per cent. relative to the All-Share Index) and yesterday's Price Commission reference is just what the sectors had been fearing.

Whatever the basis for alleging a high degree of "public concern" about beer prices, there is no prima facie case for picking on breweries as a particularly high margin sector. Total capital employed of the five major independents amounted to just over £2bn. at the beginning of their last full financial year, on which the pre-interest return amounted to 14 per cent. Their pre-tax margins on sales in their latest trading periods averaged 8.3 per cent., compared with 12 per cent. three years earlier.

Given these figures, it would be very hard to justify any kind of global freeze on prices—such as was "voluntarily" accepted by the TV rental companies after the similar inquiry completed last autumn. This implied that a return on capital of 19.4 per cent. was excessive.

However it might be possible to single out particular parts of the business to attack. The booming lager market is an obvious instance: gross profits here have been estimated to be about 2½ times as great as on ordinary bitter, although most of this goes to the retailer.

In any event there will be a cloud overhanging the sector for some time to come. TV rental may again be a precedent: the specialists' shares were noticeably weak pending publication of the report—and since then most of them have handsomely outperformed the averages. It seems that this kind of arbitrary action is to be a continuing threat for any business which operates in politically sensitive areas of the economy.

Since Australia is still at a low point in the cycle, that might make a prospective p/e of around 8 and a yield of over 6 per cent. look reasonably attractive. But it is hard to see Dalgety starting to produce a proper return on its capital employed of about £100m. in Australia, and the relevant question is not whether this business can climb back to the previous cyclical profits peak (about £6m.) but whether the capital can be deployed better elsewhere.

Fertilisers

Provided the recent 10 per cent. rise in fertiliser prices can be made to stick, the fortunes of the hard-pressed U.K. fertiliser industry could start to recover. But not before time.

A number of small producers have been announcing losses over the last few months and yesterday's preliminary figures from Scottish Agricultural Industries, Scotland's biggest fertiliser producer, underline the poor trading conditions. Though sales have risen 45 per cent. in value terms since 1974, profits are almost a third lower than at £3.1m., and the dividend has not been increased this time.

Weather

U.K. TO-DAY
CLOUDY with rain. Bright spells. Mild. E. Cent. N. England, S. Wales.
Rather cloudy. Occasional rain or sleet. Bright intervals. Normal. Max. 6C (43F).
N. Wales, N.W. N.E. England, Lake District, Isle of Man, N. Ireland.
Cloudy, some rain or sleet. Snow on hills. Rather cold. Max. 5C (41F).
Edinburgh, Glasgow, Dundee, Aberdeen, S.W. Scotland, Glasgow, Cent. F. Islands, Argyll, Mull. Fair or sleet at times. Snow on hills. Cold. Max. 3-5C (37-41F).
Outlook: Rain or sleet dying out over England, Wales, N. Ireland. Bright spells, wistery shower over Scotland.

BUSINESS CENTRES

City	Y'day	Mid-day	Y'day	
	C	F	C	
Athens	21	70	18	64
Bombay	28	82	28	82
Buenos Aires	15	59	15	59
Calcutta	28	82	28	82
Cairo	17	63	17	63
Colon	28	82	28	82
Hong Kong	28	82	28	82
London	10	50	10	50
Madras	28	82	28	82
Manila	28	82	28	82
Medan	28	82	28	82
Perth	10	50	10	50
Rangoon	28	82	28	82
Singapore	28	82	28	82
Sydney	10	50	10	50
Tokyo	10	50	10	50
Yokohama	10	50	10	50

British Airways turns loss into profit

By Michael Donne, Aerospace Correspondent

BRITISH AIRWAYS earned a net profit of £31m. in the nine months to the end of December, an improvement of £35m. over the comparable period of 1975 when there was a net loss of £4m.

Announcing this yesterday, British Airways said the operating profit before interest, taxation and other items for the period amounted to £106m. on revenues of £926m. This compared with an operating profit of £23m. on revenues of £871m. in the first nine months of the preceding year.

The fall in the value of sterling contributed no less than £30m. to the operating profit, against which has to be set the increased cost of foreign borrowings.

At this stage, the airline is making no forecast of final results for the year ending March 31. It is pointing out cautiously, however, that the nine months' results reflect the seasonal pattern of airline operations, and include the most profitable part of the year—last summer's operations.

Reduced

The current three months are customarily the worst in any airline's year, and it is likely that the net profit of £31m. will be reduced to perhaps about £20m. for the year as a whole. In 1976, the airline had a net loss of £16m.

The airline's overall financial objective is to earn sufficient profit after interest and taxes to finance replacement of its assets, including its aircraft fleet, and to pay an "appropriate return" on its Public Dividend Capital.

Factories plan

A SCHEME for four factory units in Cardiff has been given the go-ahead by the Welsh Development Agency.

The units—each of 5,000 square feet—will be provided in advance of demand on a site at Haddfield Road.

The scheme will cost more than £70,000 and will start next week with completion due in September this year. The contractor is E. Turner and Sons, Cardiff.

Foot hints at new concession over devolution referendum

By RICHARD EVANS, LOBBY EDITOR

MINISTERS, showing signs of desperation over the future of the devolution legislation, yesterday dropped further hints of compromise in an effort to push through a guillotine resolution that would curtail debate on the Bills committee stage.

Mr. Michael Foot, the Minister in charge of devolution, hinted in the Commons that the Government might be prepared to consider Conservative demands that the promised referendum in Scotland and Wales be consultative rather than binding.

"We have certainly previously thought that a referendum should be mandatory, but if MPs feel it ought to be consultative in order to preserve the rights of the House this is a matter which the Government will have to take into account."

His statement came after Tory anger at the way the Government had introduced the referendum proposals into the Bill out of context.

Safety-net funds for U.K. if reserves below \$6.75 bn.

By PETER RIDDELL, ECONOMICS CORRESPONDENT

THE \$3bn. international safety-net to protect Britain against withdrawals of official sterling balances can in general be used only if the U.K. reserves are less than \$6.75bn. At the beginning of the month they were \$7.18bn.

This was disclosed yesterday by Mr. Denis Healey, the Chancellor of the Exchequer, in a Commons written answer setting out the main details of the safety-net which were finally agreed at a central bank governors' meeting in Basle earlier this week.

The U.K. will be entitled to draw on the facility for the full amount over the next 12 months and 75 per cent. thereafter of any excess in the official sterling balances below £2.16bn., other than any decline resulting from sales of the new medium-term foreign currency bonds.

The £2.16bn. figure reflects the level of the official balances on December 8 and represents

a decline of \$581m. since the end of last September, and a near halving from the total of \$4.1bn. held at the beginning of 1976. The hope is that after this massive outflow it will now be possible to secure an orderly reduction of the less volatile balances.

If the criterion of the fall in official balances is fulfilled, then the U.K. will be able to use the facility at any time when the reserves are less than \$6.75bn., a figure apparently rather loosely related to the current level.

The insertion of the additional reserves criterion followed the \$3.07bn. rise in the U.K.'s reserves to \$7.18bn. during January and reflected a general desire to avoid any rebuilding of the balances again in the future.

Any drawings on the facility will be in U.S. dollars and the interest payable will be closely related to market rates, probably floating Eurodollar rates.

Smith 'seeking settlement externally and internally'

By OUR FOREIGN STAFF

MR. IAN SMITH, the Rhodesian Prime Minister, said yesterday that he intended to work "externally and internally" for a Rhodesian settlement, and would welcome assistance from the British and U.S. Governments.

He was speaking to journalists on his return to Salisbury after talks with Mr. John Vorster, the South African Prime Minister. Mr. Smith appeared to take a more flexible line on outside involvement than in recent weeks, and seemed keen to keep his political options open.

In Washington, Mr. Cyrus Vance, the U.S. Secretary of State, threw the full weight of the Carter Administration behind the moves to repeal the Byrd Amendment, which permits American companies to import Rhodesian chrome despite United Nations sanctions.

Mr. Vance reiterated that Mr. Smith must clearly understand that "under no circumstances" could he count on American help in any effort to block majority rule in Rhodesia.

The key to peace lay in Mr. Africa. He noted that the Smith's hands, he said, and Rhodesian negotiations had

"falttered" but added that the U.S. was continuing its efforts to "nurture" them.

The Secretary of State said the Carter Administration attached the highest importance to repeal of the Byrd amendment, adding that the U.S. steel industry now recognised that it could afford to do without Rhodesian chrome.

Mr. Vance noted that President Julius Nyerere of Tanzania had told Mr. Andrew Young, U.S. Ambassador to the U.N., who is touring Africa, that repeal of the amendment was critical. "By repealing the amendment we would remove this symbol of ambivalence in American policy towards Rhodesia and toward international law," said Mr. Vance.

The Rhodesian Security Forces announced yesterday that 41 more people had died in the bush war in the last two days, including 18 guerrillas. The others were eight blacks assisting nine tribesmen killed by guerrillas and an African woman killed by a landmine.

South Africa and Rhodesia. Feature, Page 16

Continued from Page 1

Property developer

Industries. This group, in a series of complex deals involving Slater Walker Securities involving Slater Walker and 1973, is to acquire a property company, ADH, and a 36 per cent. holding in a larger one. Town and Commercial Properties. Cambourne Securities acquired control in late 1973.

The liquidation of Charles Spreckley, and subsequently Slater Walker Securities, in heavy losses. Spreckley had loans from SWS of £6.6m. secured against its holding in

Continued from Page 1

Likely Budget date

ing the burden at both the lower and higher ends of the scale, in There has been particular concern about the "poverty trap"—the very high marginal rate of tax paid by those coming into the tax bracket at the

Town and Commercial.

Cambourne Securities also borrowed substantially from Slater Walker, both in purchasing the initial stake from SWS and in later making a bid for additional shares. The auditors' report on Slater Walker, commissioned by the new Board from Mr. Jim Slater's departure and published last September, noted "a small number of very large loans" from the banking subsidiary.

The four largest of these were stated as between £5m. and £18m., and it is thought Cambourne accounted for one of the larger loans.

كتاب الاصل